

ANNUAL REPORT

OF THE

INDIAN MERCHANTS' CHAMBER

FOR THE YEAR

1927

*(Presented to the Annual General Meeting of the
Chamber held on 28th January 1928).*

Published by

J. K. MEHTA, Secretary, Indian Merchants' Chamber,
"The Recluse," 31, Murzban Road, Fort, Bombay,

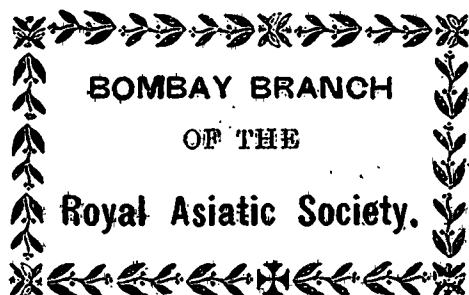
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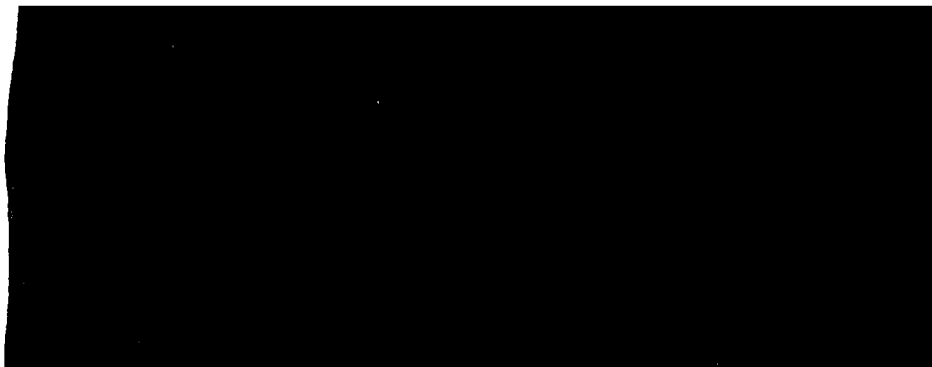
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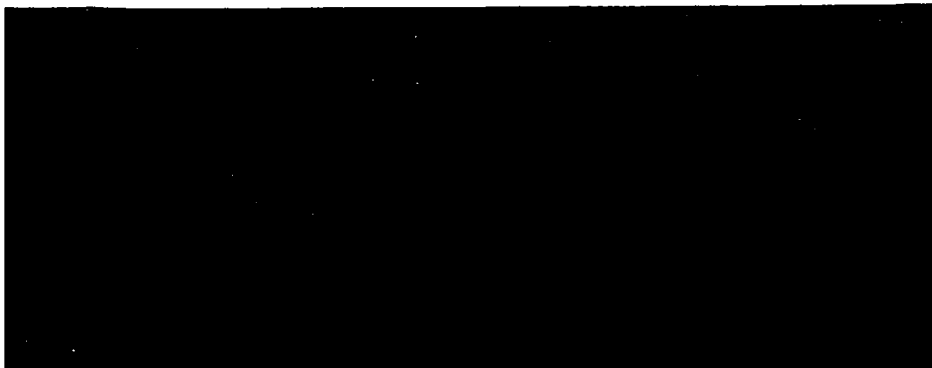
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Indian Merchants' Chamber.

"THE RECLUSE,"

31, Murzban Road,

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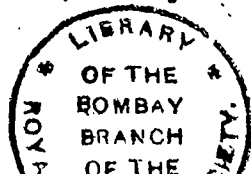
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1928.



U.S. DEPARTMENT OF JUSTICE
FEDERAL BUREAU OF INVESTIGATION
WASHINGTON, D.C. 20535

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RE: [Illegible]
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LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
1	Hon. Sir Dinshaw Edulji Wachha	Messrs. Morarjee Goudas & Co.	Sudama House, Ballard Estate, Fort, Bombay.
2	Mr. Chunilal Devkaran Nanji	" Chhugandas & Co.	Cirole, Fort, Bombay.
3	Hon. Sir Munnohundas Ramji	Hon. Sir Munnohundas Ramji	Shustri Building, Cirole, Bombay.
4	Mr. Haridas Morarji Velji	Messrs. Morarji Velji & Co.	Mulji Jetha Market, Nava Govind Chawk Bombay.
5	" Jannadas Devidas	" Jethabhai Govindji & Co.	" " " Sir Vithaldas Galli, Bombay.
6	" Jethabhai Kalyanji	" Valji Shamji & Co.	" " " Chawk, Bombay.
7	" Vallabhdas Chaturbhuj Shivji	" Chaturbhuj Shivji & Co.	" " " Chikhal Galli, Bombay.
8	" Mathuradas Valji	" Valji Sunderji & Co.	" " " Ghadial Galli, Bombay.
9	" Dwarkadas Bayji Naranji	" Ravjibhai Naranji & Co.	" " " Krishnaraj Galli, Bombay.
10	" Vusanji Naranji	" Vusanji Naranji & Co.	" " " Pragraj Galli, Bombay.
11	" Mathuradas Haridas	" Damodar Haridas & Co.	" " " Chikhal Galli, Bombay.
12	" Devidas Madhowji Thackersey	" Madhowji Thackersey & Co.	22-29 Picket Cross Road, Bombay

13	Mr. Madhowji Jesang	Messrs. Ramdas Madhowji & Co.	Mulji Jetha Market, New Narayan-
14	" Vithaldas Damodar Govindji	" Damodar Govindji Sons & Co.	Chawk, Bombay.
15	" Balvant Ramchandra	" Bhalchandra Balvant & Co.	Govind Building, Princess Street, Bombay
16	" - Morarji Hemraj Kanji	" Hemraj Kanji & Co.	Mulji Jetha Market, Narayan Chawk, Bombay
17	" Hiralal Amratlal	" Hiralal Amratlal & Co.	" " New Govind Chawk, Bombay
18	" Purshottam Mulji	" Padamsi Munji & Co.	" " New Gomukh Galli, Bombay
19	" Goudas Jivraj	" Ghela Dayal & Co.	27-33 Meadows St. Fort, Bombay
20	" Haridas Purshottam Govindji	" Purshottam Govindji & Co.	Mulji Jetha Market, Ghadial Galli, Bombay
21	Rao Saheb Harjivan Valji	" Harjivan Valji & Co.	" " Chawk, Bombay.
22	Mr. Kanji Goudas	" Chaturbhuj Jivandas & Co.	12, Champa Galli, Shaikh Memon St., Bombay
23	" Vallabhdas Jamnadas	" Vallabhdas Jamnadas & Co.	Mulji Jetha Market, Navi Gomukh Galli, Bombay
24	" Mathuradas Liladhar	" Joram Hari	" " Ghadial Galli, Bombay
25	" Vassanji Mulji Damodar	" Mulji Damodar & Co.	" " Ganeshwadi, Bombay
26	" Btugwandas Vussonji	" Kanji Karsan & Co.	Morarji Goculdas Market, 326, Kalba-devi Road, Bombay
27	" Purshottamdas Lalji	" Lalji Triumji & Co.	28-30 Peddar Road, Bombay.
			Mulji Jetha Market, Ghadial Galli, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
28	Mr. Karsandas Premji	Messrs. Karsandas Purshotam & Co.	Mulji Jetha Market, Navi Galli, Bombay
29	" Lalji Naranji	" Lalji Naranji & Co.	Tamarind Lane, Fort, Bombay
30	" Vallabhdas Valji	" Valji Khimji & Co.	Mulji Jetha Market, Navi Galli, Bombay
31	" Ranchhoddas Vullabhdas Kanji	" Vullabhdas Kanji & Co.	" " " Ghadial Galli, Bombay
32	" Gordhandas Mathradas	Mr. Gordhandas Mathradas	" " " Ghadial Galli, Bombay
33	" Vandravandas Valji	Messrs. Viehram Dhanji & Co.	" " " Krishnaraj Galli, Bombay
34	" Kalyanji Bhimji	" Bhimji Dwarkadas & Co.	Laxmidas Market, Shaikh Memon Street, Bombay
35	" Devkaran Mulji	" Devkaran Mulji & Co.	Mulji Jetha Market, Gomukh Galli, Bombay.
36	" Hirji Rustomji	" Damodar Valji & Co.	" " " Dadar Galli, Bombay,
37	" Dwarkadas Vussanji	" Purshottam & Co.	" " " Nava Govind Chawka, Bombay.
38	" Damodar Bhagwandas	" Purshottam Dwarkadas & Co.	" " " Navi Galli, Bombay

39	Mr. Karsandes Meghji	Messrs. Gopalji Kalyanji & Co.	Mulji Jetha Market, Chikhal Galli, Bombay
40	" Vaman Shridhar Apte	" Vaman Shridhar Apte & Co.	" " Govind Chawkhambay.
41	Hon. Sir Phiroze C. Sethna	Hon. Sir Phiroze C. Sethna.	Canada Building, Hornby Road, Fort, Bombay.
42	Mr. Madhowji Damodar Thackersey	Messrs. Thackersey Moolji & Co.	16, Apollo Street, Fort, Bombay.
43	" Chaturbhuj Gordhandas Sunderdas.	" Mulji Jetha & Co.	Tamarind Lane, Fort, Bombay.
44	" Dwarakadas Vallabbji	" Motilal Keshavji & Co.	37-39, Ghogha Street, Fort, Bombay.
45	" Gordhandas Govindji	" Morarji Govindji & Co.	Mulji Jetha Market, Chikhal Galli, Bombay.
46	" Cursetji Jamsetji Banat-vala	" Edulji Cursetji & Co.	Laxmidas Market, Shaikh Memon Street, Bombay.
47	" Lalji Dayal	" Hirji Dayal & Co.	Girgaon Back Road, Bombay.
48	" Keshavji Ramji Laxmidas	" Ramji Laxmidas & Co.	Mulji Jetha Market, Chawkhambay, Bombay.
49	" Mulji Gcondas	" Dharamsey Rattansey	Laxmidas Market, Shaikh Memon Street, Bombay.
50	" Harjivan Purshottam	" Jamnadas Haridas & Bros.	Mulji Jetha Market, New Govind Galli, Bombay.
51	" Ramdas Javer Jagjivan	" Javer Jagjivan & Co.	196, Cavel Street, Bombay.
52	" Mulji Laxmidas	" Gopalji Valji Sunderji & Co.	Mulji Jetha Market, Ghadial Galli, Bombay.
53	" Ramdas Ranchhodas	" Ranchhodas Thackersey & Co.	" " New Govind Chawkhambay.

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
54	Mr. Jagjivan Gordhandas	Messrs. Gordhandas Thackersey & Co.	Mulji Jetba Market, New Govind Chawk, Bombay
55	" Jamnadas Harakhji	" Jamnadas Harakhji & Co.	82, Dady Seth Agiari Lane, Bombay
56	" Jethmal Narandas	" Narottamdas Jethmal & Co.	Mani Bhuvan, New Gamdevi, Alexandria Road, Bombay
57	" Mathuradas Haribhai	" Mathuradas Haribhai & Co.	Mulji Jetba Market, Dharamraj Galli, Bombay
58	" Laxmidas Keshavji	" Haridas Keshavji & Co.	" " Krishnaraj Galli, Bombay
59	" Revashanker Jagjivan	" Revashanker Jagjivan & Co.	Khara Kuva, Shaikh Memon Street, Bombay
60	" Sheriff Devji Kanji	" Devji Kanji & Co.	Chakla Street, Mandvi, Bombay
61	Sir Parshotamdas Thakurdas	" Narandas Rajaram & Co.	Navsari Chambers, Outram Road, Fort, Bombay
62	Mr. Govindji Ratansi Mulji	Mr. Govindji Ratansi Mulji	Feltham House, Ballard Estate, Fort, Bombay
63	" Parshotamdas Jivandas	Messrs. Ramdas Khimji & Co.	Albert Building, Hornby Road, Fort, Bombay
64	" Phirozeshaw B. Petit	" Phirozeshaw B. Petit & Co.	Yusuf Building, Esplanade Road, Fort, Bombay
65	" Dhanjibhoy B. Petit	" Dhanjibhoy B. Petit & Co.	Cirole, Fort, Bombay
66	" Govindlal Shivlal	" Raja Bahadur Shivlal Motilal	Hari Building, 58-64 Custom House Road, Fort, Bombay

67	Mr. S. R. Bomanji	Mr. S. R. Bomanji	Forbes Street, Fort, Bombay
68	" Kakubhai Jivandas	Messrs. Khimji Vishram & Co.	Dana Bunder, Broach Street, Bombay.
69	" Palanji Dadaboy Chowna	" Drewet Chowna & Co.	46, Church Gate Street, Fort, Bombay
70	" Triumdas Gordhandas Khatan	" Khatan Makanji & Co.	Oriental Building, Hornby Rd. Bombay
71	" N. D. Dadyseth	Mr. N. D. Dadyseth	17, Waudby Road, Fort, Bombay
72	" Kalkobad Cawasji Dinshaw	Messrs. Cawasji Dinshaw & Bros.	121, Meadows Street, Fort, Bombay
73	" Fidahusein Samsuddin	" Shaikh Mahomed Shaikh Dawood & Co.	Crawford Market, Bhusari Street, Bombay
74	" Vithaldas Kanji	Mr. Mathuradas Vissanji	9, Wallace Street, Fort, Bombay
75	" Govindram Harsomal	Messrs. Tarachand Ghansyamdas & Co.	Jhaveri Bazar, Shaikh Memon Street, Bombay
76	" Karsandas Mulji Jettha	Mr. Karsandas Mulji Jettha	346, Hornby Road, Fort, Bombay
77	" Ghelabhai Hansraj	Messrs. The Grain Merchants' Association.	262, Musjid Bunder Road, Bombay
78	" Anandrao Krishna Rao Kothare	Messrs. K. P. Kothare & Co.	Apollo Street, Fort, Bombay
79	" Pestonji Edulji Dhala	" The Indian Mercantile Insurance Co. Ltd.	11, Bank Street, Fort, Bombay
80	Sir Lallubhai Samaldas	Sir Lallubhai Samaldas	65, Apollo Street, Fort, Bombay
81	Mr. Sultanbhoy Hajibhoy	Messrs. Hajibhoy Lalji & Co.	Akbar Building, Hornby Road, Fort, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER.

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
82	Sir Fazulbhoj Currimbhoj Ibrahim	Sir Fazulbhoj Currimbhoj Ibrahim.	12-14, Outram Road, Fort, Bombay
83	Mr. Narandas Chattrabhoj	Messrs. Gordhandas Khetsey	Manordas St. 40, Holi Chakla, Fort, Bombay
84	" Narottam Morarjee	Mr. Narottam Morarjee	Sudama House, Ballard Estate, Fort, Bombay
85	Sir S. B. Billimoria	Messrs. S. B. Billimoria & Co.	127, Esplanade Road, Fort, Bombay
86	Mr. R. D. Lam	" Tata Sons Ltd.	Bombay House, Bruce Rd. Fort, Bombay
87	" Manekji Jethabhai Vurdhman	Mr. Manekji Jethabhai Vurdhman	56, Tamrind Lane, Fort, Bombay
88	" Dadabhai J. Registrar	Messrs. The Berar Mfg. Co. Ltd.	Llyod Building, Ballard Road, Fort, Bombay
89	" Hirjibhai Shapurji Patuok	" H. S. Patuok & Co.	Ismailji Building, Bank Street, Fort, Bombay
90	" Kikabhai Premchand	" Premchand Roychand & Sons	Apollo Street, Fort, Bombay
91	" Harikishandas Mehra	" The Hindustani Native Merchants' Association.	342, Kalbadevi Road, Bombay
92	" Ratanchand Navalechand Javeri	" Manekchand Panachand & Co.	Javeri Bazar, Shaikh Memon Street, Bombay
93	Dr. M. Venkatrao	" N. Powell & Co.	Sandhurst Road, Girgaon, Bombay
94	Mr. Nihalchand Lalluchand	Mr. Nihalchand Lalluchand	Tamba Kanta, Pydhonie, Bombay

95	Mr. Jedayal Durgadas.	Mr. Danichand Durgadas	Khara kuva, Shaikh Memon Street, Bombay
96	" Vallabhdas Dayal	" Vallabhdas Dayal	Vadgadi, Mandvi, Bombay
97	" Bharata K. S. Aiyar	Messrs. K. S. Aiyar & Co.	65, Apollo Street, Fort, Bombay
98	" Hirachand Vanechand Desai	" Hirachand Vanechand Desai & Co.	Kalbadevi Road, Bombay
99	Prof. S. R. Davar	" Davar's College of Commerce.	80, Esplanade Road, Fort, Bombay
100	Mr. Nassurwanji K. A. Chinoy	Mr. Nassurwanji K. A. Chinoy	Chinoy Mansion, Colaba, Bombay
101	" Shivji Chapsey	Messrs. Vassanji Velji & Co.	Marwari Bazar, Bombay
102	" Phirozeshaw N. Mehta	" P. N. Mehta & Co.	Cook's Building, Hornby Road. Fort. Bombay
103	" Nandlal Kilachand	" Kilachand Devchand & Co. Ltd.	Allahabad Bank Bldg. Apollo Street, Fort, Bombay.
104	" Chhotalal V. Mehta	" The Bank of Morvi, Ltd.	Mahendra Mansions, Esplanade Road, Fort, Bombay
105	" Sorabji N. Pochkhanavala	" The Central Bank of India Ltd.	Esplanade Road, Fort, Bombay.
106	" Beniprasad Ramkumar	" Mamraj Rambhagat & Co.	Mumbadevi Nake, Bombay
107	" Morarji Kanji	" Thakkar Amarsey Kanji	Mulji Jetha Market, Sanchoa Galli, Bombay
108	" Manilal Goolbhai Mulchand	Mr. Manilal Goolbhai Mulchand	Champa Galli, Bombay
109	" Harilal D. Jasani	Messrs. The Bombay Shroff Asso- ciation.	289-91, Shaikh Memon Street, Bombay

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
110	Mr. Jamnadas Mulchand Parekh	Messrs. Goolbhai Dolatram & Co	Champa Galli, Shaikh Memon St. Bombay
111	" Lavji Meghji	" Curumsey Damji & Sons.	Girgaum Back Road, Bombay
112	" Ibrahim F. Lalji	" Jumabhoj Lalji & Co.	Warden Road, Bombay
113	" Laxmidas Nemidas	" Mulchand Vasanji	90, Bazar Gate Street, Fort, Bombay
114	" Dwarakadas Tribhovandas	Mr. Dwarakadas Tribhovandas	Singhani Building, Shaikh Memon St. Bombay
115	" R. D. Patel	Messrs. Patel Bros.	"Gulestan," 6, Napier Rd., Fort, Bombay
116	" Hormasji D. Jasoobhoy	" Ch a n d a b h o y and Jasoobhoy	43, Apollo Street, Fort, Bombay
117	Hon. Mr. Ratansay Dharamsey Morarji	Hon. Mr Ratansay Dharamsey Morarji	Sudama House, Ballard Estate, Fort, Bombay
118	Mr. Fakirmabomed C. L. Sajjan	Messrs. C. L. Sajjan & Co. (The Bombay Rice Merchants' Association)	Carnac Bunder, New Rice Market, Bombay
119	" Hirji Ghebabhai	" Hirji Ghebabhai & Co., (The Bombay Rice Merchants' Association)	Carnac Bunder, New Rice Market Bombay
120	" Jehangir Bomanji Petit	Mr. Jehangir Bomanji Petit	359, Hornby Road, Fort, Bombay
121	" Cassamalli Jerajbhoy Peerbhoy	" Cassamalli Jerajbhoy Peerbhoy	Peddar Road, Bombay
122	" Vithaldas Liladhar Bhimji	" Vithaldas Liladhar Bhimji	Princess Street, Bombay

123	Mr. M. V. Subiah	Messrs. The Commission and General Agency	Younoos Bldg. Nagarpet, Bangalore City
124	" Vithaldas Bhawanidas	Mr. Vithaldas Bhawanidas	Tamba Kanta, Pydhone, Bombay
125	" Dwarakadas Kalyandas	" Dwarakadas Kalyandas	Ridge Road, Malabar Hill, Bombay
126	" Laxmidas Ravji Tairsee	Messrs. Laxmidas & Co.	29/31/33 Boreh Bazar Street, Bombay
127	" Surajmal Lallubhai	" Surajmal Lallubhai & Co.	Kalbadevi Road, Bombay
128	" Brij Beharilal	" J. N. Singh & Co., Ltd	26, Princess Street, Bombay
129	" Manharlal Vrajdas Merchant	Mr. Manharlal Vrajdas Merchant	Dady House, Church Gate Street, Fort, Bombay
130	" Nagindas A. Adatia	Messrs. Nagindas and Maneklal	Ravelin Street, Hornby Road, Fort, Bombay
131	" Mavji Govindji	" Mavji Govindji & Co.	Apollo Street, Fort, Bombay
132	" Maganlal Parbhudas	" The Bombay Yarn, Copper and Brass Native Merchants' Association	Tamba Kanta, Pydhone, Bombay
133	" Girjashanker B. Trivedi	" Trivedi & Co.	Navsari Chambers, Ontram Road, Fort, Bombay
134	" Shiva Datta	" The Punjab National Bank Ltd.	Sassoon Building, Churebgate Street, Bombay
135	" Ramchandra M. Bhatt	Mr. Ramchandra M. Bhatt	36/37, Sandhurst Road, Girgaum, Bombay
136	" Laxmidas Devji	Messrs. Jetha Devji & Co.	Sak Galli, Mandvi, Bombay
137	" Jivandas Pitambar	" Pitambar & Co.	16, Elphinstone Circle, Fort, Bombay

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
138	Mr. Bhailal Dajibhai Amin	Messrs. The Alembic Chemical Works Co., Ltd.	Camp, Baroda
139	" B. A. Billimoria	" Batliwala and Karani	Dalal Street, Fort, Bombay
140	" Mohamed Hussein Dehdasti	Mr. Mohamed Hussein Dehdasti	Ash Lane, Fort, Bombay
141	" Maneklal Manilal Ranchhodas Pari	" Maneklal Manilal Ranchhodas Pari	Maneck Chawk, Ahmedabad
142	" Ismail A. H. Moosa	Messrs. Ismail A. H. Moosa Ltd.	Commisariat Building, Hornby Road, Bombay
143	" Phiroze J. Billimoria	" The Indian Cement Co., Ltd.	Bombay House, Bruce Road, Fort, Bombay
144	" M. A. J. Noble	Mr. M. A. J. Noble	26, Parsi Bazar Street, Fort, Bombay
145	" Jayvant Shantaram Divadkar	Messrs. Narayan Dhondoba & Co.	Lloyd Building, Ballard Estate, Fort, Bombay
146	" Surji Vallabhdas	" Surji Vallabhdas & Co.	Navsari Chambers, Hornby Road, Bombay
147	" Laxmichand M. Dosi	" Laxmichand Padamsey & Co.	439, Kalbadevi Road, Bombay
148	" Rameshwardas Birla	" Shivanarayan Baldevdas & Co.	Patel Building, Marwari Bazar, Bombay
149	" Sarabhai Vadilal Javeri	" Chamanlal Sarabhai Javeri	Nawab Building, Hornby Road, Bombay
150	" Karsandas Thackersey Ravji	Mr. Karsandas Thackersey Ravji	183/185, Hornby Road, Fort, Bombay

151	Mr. Narsidas Jekisandas Gangas	Mr. Narsidas Jekisandas Gangas	Sahibag, Ahmedabad
152	" Jiwandas D. Joshi	Messrs. Dungershi & Sons	59, Forbes Street, Bombay
153	" Harnandrai Ramnarayan	Mr. Harnandrai Ramnarayan	395, Kalbadevi Road, Bombay
154	" Hormasji Bapuji Gazdar	" Hormasji Bapuji Gazdar	Beach House, Nepean Sea Road, Malabar Hill, Bombay
155	" T. M. Rangachari	" T. M. Rangachari	Poonamalli High Road, Madras
156	" Walchand Hirachand	" Walchand Hirachand	Phoenix, Building, Ballard Estate Bombay
157	" Ratanchand Hirachand	Messrs. Pathak & Walchand Ltd.,	" " "
158	" Ambalal Sarabhai	Mr. Ambalal Sarabhai	Retreat Shahibag, Ahmedabad
159	" Mansukhlal Atmaram Master	" Mansukhlal Atmaram Master	Sudama House, Ballard Estate, Bombay
160	" Damodar Govindji Madhadowji	Messrs. Govindji Madhowji & Co.	16, Apollo Street, Bombay
161	" H. M. A. Anik	" H. Anik & Co.	Baria Mansion, opp. Crawford Market Bombay
162	" Bhagwandas Gordhandas	Mr. Bhagwandas Gordhandas	9, Wallace Street, Fort, Bombay
163	" Mathuradas Canji Matani	Messrs. Kanji Dwarkadaswala (Messrs. The Bombay Rice Merchants' Association)	53, Mint Road, Bombay
164	" Madhavlal Makanji	" Madhavlal & Co., Ltd.	Alice Building, Hornby Road, Bombay

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
165	Mr. Nemchand Popatlal Vohora	Messrs. C. K. Vohora & Co.,	78, Nagdevi Street, Bombay
166	„ Nandlal Madhavdas	„ Amersey Damodar	106, Bhuleswar Road, Bombay
167	„ Kekhushru Manekji Cooper	Mr. Kekhushru Manekji Cooper	Katgara, House, 50 Nepean Sea Road, Bombay
168	„ Fazulbhoy Ibrahim Rahim-talla	Messrs. Fazulbhoy Ibrahim & Co., Ltd.,	Ismail Building, Hornby Road, Bombay
169	„ M. B. Mehta	„ M. B. Mehta & Co.	Ismailji Building, Bank Street, Bombay
170	„ Manilal Jugaldas	Mr. Manilal Jugaldas	4, Green Street, Fort, Bombay
171	„ Hargovind Ambaram Jani	Messrs. Hargovind Shivilal & Co.	Tank Bander, Mazgaon, Bombay
172	„ Narandas Kesboordas	„ Lalji Godhoo & Co.	Samuel Street, Vadgadi, Bombay
173	„ Manilal Balabhai	„ Manilal Balabhai & Co.	36, Humam Street, Fort, Bombay
174	„ B. F. Madon	Mr. B. F. Madon	Bombay House, Bruce Road, Bombay
175	„ Burjorji C. Sethna	Messrs. Cursetji Bomanji & Co.	19, Bank Street, Fort, Bombay
176	„ Mathuradas Tricumdas	„ Mathuradas V. Kothare & Co.	45, Apollo Street, Fort, Bombay
177	„ Sultan I. Janmohmad	Mr. Sultan I. Janmohmad	C/o Currimbhoy Ibrahim & Sons., Outram Road, Fort, Bombay

178	Mr. Shantidas Ashkaran	Mr. Shantidas Ashkaran	Shanti Nivas" Nepean Sea Road, Bombay
179	" Vyas Laxmishanker Narbada- dashanker	" Vyas Laxmishanker Narbada- dashanker	C/o Vithal Spinning Mill, Viramgam
180	" Ishwardas Lukhmidas	" Ishwardas Lukhmidas	" Garden View", Hughes Road, Bombay
181	" N. M. Muzumdar	" N. M. Muzumdar	C/o Tata Sons, Ltd., Bruce Road, Fort, Bombay
182	" Hatim E. Attari	" Hatim E. Attari	E. D. Sassoon Building, Ballard Estate, Bombay
183	" Ishwarlal Ganpatram Gajjar	" Ishwarlal Ganpatram Gajjar	Parekh Building, New Queens Road, Bombay
184	" Vassanji Naranji Bhimji	" Vassanji Naranji Bhimji	Vadgadi, Mandvi, Bombay
185	" Keshavji Nanji	" Keshavji Nanji	Laxmidas Khimji Market, Bombay
186	" Babimtulla M. Chinoy	Messrs. F. M. Chinoy & Co.	Band stand, Chaupaty, Bombay
187	" Edulji S. Cooper	" Palanji Edulji & Sons	New Charni Road, Girgaon, Bombay
188	" Mulji Ranchhod Ved	Mr. Mulji Ranchhod Ved	C/o Ved and Sopher, Dalal Street, Fort, Bombay
189	" Vejji Lekhamshi	Messrs. Napoo Nensey & Co.	38/42, Argyle Road, Dana Bunder, Bombay
190	" Alimohmad R. Macklai	Mr. Alimohmad R. Macklai	99, Esplanade Road, Bombay
191	" Hakemchand Valamji Kapadia	" Hakemchand Valamji Kapadia	Mulji Jetha Market, Navi Gopalak Galli, Bombay
192	" J. H. Bhabha	Messrs. The Tata Hydro Electric Power Supply Co., Ltd.	Bombay House, Bruce Road, Fort, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER.

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
193	Mr. Dwarakadas Jekisandas	Mr. Dwarakadas Jekisandas	Dwarakadas Mansion, Sandhurst Road, Bombay
194	Birdhichand Podar	Messrs. Cheniram Jesraj & Co.	173/175, Kalbadevi Road, Bombay
195	" Hansraj Haribhai	" Hansraj & Co.	20, Elphinstone Circle, Fort, Bombay
196	" Vallabhdas Runchordas	" Vallabhdas Runchordas & Co.	Mahim, Bombay 16
197	" Kapilram H. Vakil	Mr. Kapilram H. Vakil	Navsari Building, Hornby Road, Bombay
198	" C. J. Vurdhman	Messrs. Vurdhwan Brothers Ltd.	53, Tamarind Lane, Bombay
199	" Baldevdas Dalshukhran Dave	" Somnath Eupjidas Patel	35, 3rd Bhoivada, Bombay
200	" Ratnamanirao Bhimrao Jhote	" The Advance Trading Co.	Tamba Kanta, Bombay
201	" Dawood Haji Nassur	" Nassur Haji Mayji & Co.	Khoja Mohalle, Bombay
202	" Narandas Aseanmal	Mr. Narandas Assanmal	132, Bhuleshwar Road, Bombay
203	" Amratlal Amerchand	Messrs. Amerchand Madhowji & Co.	36, Kazi Syed Street, Mandvi, Bombay
204	" Framji Dorabji Panday	" Pestonji & Co.	371, Hornby Road, Bombay
205	" Ahmadi Siraj Vasi	" Siraj A Vasi & Co.	65, Apollo Street, Fort, Bombay

206	Mr. Moiz Shaikhadam Vasi	Messrs. Shaikhadam Husseinalli Vasi & Co.	Vasi Building 165, Nagdevi Street, Bombay
207	" Laxmidas G. Tejpal	Mr. Laxmidas G. Tejpal	Vile-Parle (B. B. & C. I. Ry.) Bombay.
208	" Morarji Premji Gooldas	Messrs. M. P. Gooldas & Co.	16, Apollo Street, Fort, Bombay
209	" Behram N. Karanjia	Mr. Behram N. Karanjia	238/40, Masjid Bunder Road, Bombay
210	" M. N. Gobhai	" M. N. Gobhai	do. do. do.
211	" Madhavdas Gooldas Pasta	" Madhavdas Gooldas Pasta	11, Bastian Road, Fort, Bombay
212	" Jamnadas Morarji	" Jamnadas Morarji	Share Bazar, Dalal St., Fort, Bombay
213	" Sarabhai Prataprai	" Sarabhai Prataprai	Madhuli, Grant Road, Bombay
214	Sir. Dinshaw Manekji Petit Bart.	Sir Dinshaw Manekji Petit Bart.	359, Hornby Road, Bombay
215	Mr. Panachand Manchand	Mr. Panachand Manchand	Shaikh Memon Street, Bombay
216	" Balkisandas Ramkisandas	" Balkisandas Ramkisandas	207/209, Kalbadevi Road, Bombay
217	" K. R. P. Shroff	" K. R. P. Shroff	80, Esplanade Road, Fort, Bombay
218	" Pesi R. P. Shroff	" Pesi R. P. Shroff	Do. do. do.
219	" Gordhandas Parshottamdas	Messrs. Narandas Masordas & Co.	Shaikh Memon Street, Bombay
220	" Y. G. Pandit	Mr. Y. G. Pandit	Whiteaway Laidlaw Building, Hornby Road, Bombay

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
221	Mr. R. H. Mody	Messrs. The New India Assurance Co. Ltd.	Central Bank Building, Esplanade Road, Bombay
222	" Kanji Karsandas	Mr. Kanji Karsandas	Parsi Bazar Street, Fort, Bombay
223	" Dulerai Vanechand Desai	Messrs. Dulerai & Co.	20, Apollo Street, Fort, Bombay
224	" S. A. Kamat	" The Bombay Swadeshi Co-operative Stores, Co., Ltd.	Times Building, Hornby Road, Bombay
225	" Vithaldas Harjivandas	" Harjivandas Jagjivandas & Co.	26, Jambulvadi, Kalbadevi Road Bombay
226	" Kisandas Munmohundas Ramji	" The New Kaiser-i-Hind Spg. & Wg. Co., Ltd.	Shushtary Building, Elphinstone Circle, Fort, Bombay
227	" Maganbhai P. Amin	" Maganbhai Amin & Co.	32, Apollo Street, Fort, Bombay
228	" Maganlal Purshottandas	" Purshottam Pranvallabh & Co.	Dalal St. Share Bazar, Bombay
229	" Abubakar Abdulrahman	" Abubakar Abdulrahman & Co.	Narayan Dhru St, Pydhonie, Bombay
230	" Tulsidas Karsandas	Mr. Parmanand Karsandas Har-govan	Mulji Jettha Market, Chawk, Bombay
231	" S. D. Sethia	Messrs. Shiviji Dharamsey Sethia & Co.	28, Apollo Street, Fort, Bombay
232	" Tulsidas Ramdas	Mr. Tulsidas Ramdas	C/o Ebrahim Tulsidas & Co., Narayan Dhru Street, Pydhonie, Bombay
233	" Pragji Dayal Hariani	" Pragji Dayal Hariani	112, D'Souza Street, Mandvi, Bombay

234	Mr. Jivanlal Chimanlal Setalvad	Messrs. J. C. Setalvad & Co.	Jehangir Wadia Building, Esplanade Road, Fort, Bombay
235	" Narandas Bhawanji	" Narandas Bhawanji & Co.	Gadhsisa (Cutch)
236	" Purshottam Hirji	" Hirji Govindji & Co.	82, Baroda St., Dana Bunder, Bombay
237	" Chimanlal Mohanlal	" Chimanlal Mohanlal & Co.	Patel Building, Javeri Bazar, Bombay
238	" Balabhai Jamnadas	" The Gujarat Oil Mill & Mfg. Co., Ltd.	Asharva, Post Kalupur, Ahmedabad
239	" Ratan C. Gazdar	" Bomanji C. Gazdar & Co.	16, Apollo Street, Fort, Bombay
240	" Maneklal Ujamshi	Mr. Maneklal Ujamshi	Apollo Street, Fort, Bombay
241	" Dullabhdas H. Gandhi	" Ranchhoddas Harjivandas Gandhi	Ramchandra Building, Princess Street, Bombay
242	" Sorab Framji Bharoocha.	" Sorab Framji Bharoocha	7/10, Elphinstone Circle, Fort, Bombay
243	" Husseinbhoj Hassum	Mr. Husseinbhoj Hassum	164/66, Samuel Street, Mandvi, Bombay
244	" Kanchanlal Varajdas	Messrs. M. Kanji & Co.	Cawasji Patel Street, Fort, Bombay
245	" Karsandas Tejpal	Messrs. Karsandas Tejpal & Co.	Temple Bar Building, Rampart Row, Bombay
246	" Shamji Hemraj	" Shamji Hemraj & Co.	Ready Money Mansion, Churchgate St., Bombay
247	" N. G. Mozumdar	" The Sholapur Spg. & Wg. Co., Ltd.	Sudama House, Ballard Estate, Fort, Bombay
248	" Laxmidas G. Dossa	" Goculdas Dossa & Co.	14, Human Street, Fort, Bombay

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
249	Mr. Morarji Keshavji	Messrs. Morarji & Hormasji	Shaikh Memon Street, Champa Galli, Bombay
250	" Bomanji Dorabji Kapadia	Mr. Bomanji Dorabji Kapadia	Engineer Building, Princess Street, Bombay
251	" Motiram Waghji	Messrs. Pragji Liladhar & Co.	Bhat Bazar, Mandvi, Bombay
252	" Ruttonchund Tullockchund Master	" Master Sons & Co.	Cama Chambers, 23, Meadows Street, Bombay
253	" Gustadji Dossabhoy Billimoria	Mr. Gustadji Dossabhoy Billimoria	Chinoy Mansion, Wodehouse Road, Colaba, Bombay
254	" Thakorlal Hirallal Vakil	Messrs. Vakil Brothers	73, Apollo Street, Bombay
255	" Chunilal Baldevdas	Mr. Chunilal Baldevdas	C/o Mulchand Kantilal, Tamba Kanta, Bombay
256	" B. D. Sardesai	Messrs. The Tata Construction Co., Ltd.	Phoenix Building, Ballard Estate, Bombay
257	" H. H. Belgaumwalla	Mr. H. H. Belgaumwalla	Hubli
258	" Nowroji H. Belgaumwalla	" Nowroji H. Belgaumwalla	C/o The Bombay Samachar Office, Frere Road, Bombay
259	" S. C. Bannerji	Messrs. Marsland Price & Co. Ltd.	Phoenix Building, Ballard Estate, Bombay
260	" Khussal T. Shah	Mr. Khussal T. Shah	New University Building, Esplanade, Road, Bombay
261	" Narotam V. Purshottam	Messrs. Vithal Purshottam & Son.	Apollo Street, Fort, Bombay

262	Mr. Nensey Tejpal	Mr. Nensey Tejpal	Nana Colaba, Thomas Street, Bombay
263	" Framroze A. Mody	" Framroze A. Mody	Oomrigar Bldg., Carnao Road, Bombay
264	" Jamnadas Amarchand Gandhi	Messrs. The Japan & Shanghai Silk Merchants' Association	Jackeria-musjid, Bombay
265	" S. J. Pandya	" The Scindia Steam Navigation Co., Ltd.	Sudama House, Ballard Estate, Fort, Bombay.
266	" Ranchhoddas Tribhovandas Popavala	Mr. Ranchhoddas Tribhovandas Popavala	12/14, Church Gate, Street, Bombay
267	" Husseinbhoj A. Laljee	Messrs. Abdullabbhoj Laljee & Co.	Samuel Street, Mandvi, Bombay
268	" Nowroji Ardesbir Narielwala	" A. S. Narielwala & Sons	Cawasji Patel Street, Fort, Bombay
269	" Balvant Krishna Rao Wagle	Mr. Balvant Krishna Rao Wagle	220, Kandewady, Girgaum, Bombay
270	Sir M. Visvesvaraya	Sir M. Visvesvaraya	Uplands, High Ground, Bangalore
271	Mr. M. G. Mehta	Messrs. Bakubhai Ambalal & Co.	65, Apollo Street, Fort, Bombay
272	Sir Jamsetjee Jijibhoj, Bart.	Sir Jamsetjee Jijibhoj, Bart.	"Mazgaon Castle," Bombay
273	Mr. C. B. Nanavati	Messrs. Nanavati Vevaina & Co.,	Sudama House, Ballard Estate, Bombay
274	" B. J. Modi	" The Jupiter General Insurance Co., Ltd.	Tamarind Lane, Fort, Bombay
275	" B. M. Bhargava	" The Union Bank of India Ltd.	Apollo Street, Fort, Bombay
276	" Gulabchand Naginohand	" The Pearl Merchants and Jewellers' Association	25/39, Mumbadevi Road, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER.

Serial No.	Representatives of Members.	Names of Members.	Addresses.
277	Mr. R. N. Bapasola	Mr. R. N. Bapasola	Forbes Street, Fort, Bombay
278	" Manmohandas Madhavdas Amersey	Messrs. Amersey & Sons	Sudama House, Ballard Estate, Bombay
279	" Lalji Rowji Khant	Mr. Surji Vallabhdas Colour & Co	15/19, Samuel Street, Mandvi, Bombay
280	" Ratansey Karsandas	Messrs. Karsandas Ranchhoddas	66, Bazar Gate Street, Fort, Bombay
281	" Jehangir P. Katgara	Messrs. Jeena & Co.	Gresham Building, Esplanade Road, Fort, Bombay
282	" Dhruva Sumanas	Mr. Dhruva Sumanas	65, Apollo Street, Fort, Bombay
283	" Nensey Narandas Topan	Messrs. Narandas Topan	Tamba Kanta, Pydhonie, Bombay
284	" Pritamdas B. Advani	Mr. Pritamdas B. Advani	Murzban Road, Fort, Bombay
285	" Keshavlal Lallubhai	" Keshavlal Lallubhai	Khokha Bazar, Bhaipala Lane, Bombay
286	" Morarji Mulraj Khatau	Messrs. The Khatau Makanji Spg. & Wg. Co., Ltd.	Laxmi Building, 42, Ballard Road, Bombay
287	" Raghunath Chintaman Sohoni	Mr. Raghunath Chintaman Sohoni	996, Sudashiv Peth, Poona City
288	" Cursetji Limji	Messrs. The Bombay Cycle and Motor Agency, Ltd.	16, New Queens Road, Bombay
289	" Nassurvanji S. Guzdar	" Nassurvanji S. Guzdar & Co.	Canada Building, Home Street, Fort, Bombay

290	Mr. Gordhandas Goolaldas Morarji	Mr. Gordhandas Goolaldas Morarji	"Mor Bang" Nayagaum Road, Dadar
291	" Devidas Shamji	" Devidas Shamji	Mulji Jetha Market, Chawk, Bombay
292	" Girdhardas Liladhar	Messrs. Girdhardas Liladhar & Co	16, Apollo Street, Fort, Bombay
293	" B. Das	Messrs. B. Das & Co.	P. O. Chandni Chowk, Cuttack
294	" Hirajal Chaganlal	" Chaganlal & Co.	Carnac Bunder, Bombay
295	" Maneklal Chunilal	" Chunilal Harilal & Co.	4, Green Street, Fort, Bombay
296	" Chaturbhuj Khiassee	" Chaturbhuj Khiassee & Co.	81-83, Chinch Bander, Bombay
297	" Amiruddin Shalebhoy Tyebji	" Shalebhoy Tyebji & Sons.	28, Bank Street, Fort, Bombay
298	" Vishvanath P. Vaidya	Mr. Vishvanath P. Vaidya	Kirti Building, 37-39, Forbes St. Fort, Bombay
299	" Behramji N. Gamadia	" Behramji N. Gamadia	18, Homji Street, Fort, Bombay
300	" H. M. Chowna	Messrs. H. M. Chowna & Co.	73, Apollo Street, Fort, Bombay
301	" N. B. Saklatvala	" Tata Mills Ltd.	Bombay House Bruce Road, Fort, Bombay
302	" N. B. Saklatvala	" The Svadeshi Mills Co. Ltd.	Do. do. do. do.
303	" Mafatlal Gagalbhai	" The Standard Mills Co. Ltd.	Do. do. do. do.
304	" Chamanlal Girdhardas Parekh	" The Industrial Bank of Western India, Ltd.	Lal Darvaja, Ahmedabad

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER.

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
305	Mr. Habib Ismail	Messrs. Khoja Mithabhai Nathoo	Hanuman Building, Tamba Kanta, Bombay
306	" Tribhovandas Pragji	Mr. Tribhovandas Pragji	Bhabha Building, Princess St, Bombay
307	" Ranchhodas Tribhovandas Mody	Messrs. Ranchhodas Tribhovandas Mody	Ridge Road, Malabar Hill, Bombay
308	" H. P. Mody	Mr. H. P. Mody	Cumballa Hill, Bombay
309	" Ebrahim Gulamhussein Currimbhoy	" Ebrahim Gulamhussein Currimbhoy (of Messrs. Currimbhoy Ebrahim & Sons)	12-14, Outram Road, Fort, Bombay
310	" Pirojshaw Ratanji Desai	" Pirojshaw Ratanji Desai	Nakhoda Street, Mandvi, Bombay
311	" S Haji	Messrs. Narottam Ltd.	Sudama House, 31, Sprott Road, Ballard Estate, Bombay
312	" Shantikumar Narottam Morarjee	Mr. Shantikumar Narottam Morarjee	Shanti Bhuvan, Pedder Road, Bombay
313	" P. N. Vevaina	Messrs. The Eastern Bunkers Ltd.	Sudama House, Ballard Estate, Fort, Bombay
314	" R. M. Marshall	" R. M. Marshall & Co.	Raja Terrace, Lamington Road, Bombay
315	" Shiyax C. Cambata	" Shiyax C. Cambata & Co. Ltd.	Cook's Building, Hornby Road, Fort, Bombay
316	" Huseinally Mahomedbhoy Currimbhoy	Mr. Huseinally Mahomedbhoy Currimbhoy.	12-14, Outram Road, Fort, Bombay

317	Sir Currimbhoy Ebrahim Bart.	Sir Currimbhoy Ebrahim Bart.	12-14, Outram Road, Fort, Bombay
318	Mr. Noorodin Abdulhussein Noorodin	Messrs. The Bombay Paper and Stationery Merchants' Association	Wakefield House, Ballard Estate Bombay
319	Mr. Curnali Ibrahim	Messrs. Curnali Ibrahim & Co.	165/167, Khoja Mohalla, Mandvi, Bombay
320	" Pranjivan Vussonji Munji	" Keshavji Morarji Vussonji & Co.	Shustary Building, Elphinstone Circle, Bombay
321	" Hansraj Goudas Naranji	" Hansraj Goudas & Co.	9, Wallace Street, Fort, Bombay
322	" Hasam Rahimtulla	Mr. Hasam Rahimtulla	Chickpet, Bangalore City.
323	" Phirojshaw D. Patel	" Phirojshaw D. Patel	Mulji Jetha Market, Gordhan Gulli, Bombay
324	" Kallianji Curumsey Damji	Messrs. L. K. Vussonji & Co.	Sohrab House, Hornby Road, Fort, Bombay
325	" Chunnil B. Mehta	" The Bombay Bullion Exchange, Ltd.	Shroff Bazar, Bombay
326	" Dawoodkhan Shalebhoy Tyebjee	" Amir Brothers	28, Bank Street, Fort, Bombay
327	" Suleman Cassum Haji Mitha.	Mr. Suleman Cassum Haji Mitha	27, Kolsa Mohalla, Poyhounie, Bombay
328	Sir Ebrahim Rahimtulla	Sir Ebrahim Rahimtulla	Ismail Building, Hornby Road, Fort, Bombay
329	Mr. Mahomedbhoy G u l l a m - h u s e i n	Messrs. Hatimbhoy Gullamhussein & Brothers	193, Nagdevi Street, Bombay
330	" Mafatalal Gagalbhai	Mr. Mafatalal Gagalbhai	Rustom Building, Churchgate Street, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER.

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
331	Mr. Jugatram S. Vaidya	Messrs. The Zandu Pharmaceutical Works, Ltd.	Elphinstone Road, Bombay 13
332	" Framroze Pestonji	Messrs. P. Framroze & Co.	"Standard Building," Hornby Road, Bombay
333	" M. C. Ghia	" M. C. Ghia & Co.	18, Hamam Street, Fort, Bombay
334	" Burjor S. J. Aga.	" Shapoorji N. Chandabhai & Co.	"Morarbhaj Building, 43, Apollo Street, Fort, Bombay
335	" Kaikhushroo Bezenjee N. Capadia	Mr. Kaikhushroo Bezenjee N. Capadia	"Capadia House" Cumballa Hill, Bombay
336	" Hoosseinally M. Rahimtulla	Messrs. Jaffer Rahimtulla & Co.	74, Tandel Street, Umakhadi, Bombay
337	Hon. Sir S. R. M. Annamalai Chetty	Hon. Sir. S. R. M. Annamalai Chetty	"Natana Viles" 33, P. O. Road, Vepery Madras
338	Mr. Sankalchand G. Shah	Messrs. Sankalchand G. Shah & Co.	Kothari Building, Tamba Kanta Bombay
339	" Vadilal Maganlal	" Maganlal Dipchand	Khand Bazar, Bombay
340	" Meyer Nissim	Mr. Meyer Nissim	Esplanade Road, Fort, Bombay
341	" Dahyalal Makanji Javeri	The Bombay Diamond Merchants' Association	Javeri Bazar, Bombay
342	" D. D. Writer	Messrs. D. Writer & Co.	Arab Lane, Corner Grant Road, Bombay
343	" Popatlal Girdharlal	" Popatlal Girdharlal & Co.	Nanji Building, Circle, Fort, Bombay

344	Mr. M. P. Lohana	Messrs Vithaldas Parshotam & Co (The Bombay Rice Merchants' Association)	New Rice Market, Carnao Bunder, Bombay
345	" Keshavprasad C. Desai	" The Industrial & Prudential Assurance Co., Ltd.	Jehangir Wadia Building, Esplanade Road, Bombay
346	" .Sorabji Rustomji Mody	" Furdoonji K h u r s h e d j i Mody & Sons,	Reay Road, Tank Bunder, Bombay
347	" Jawahirmal Mulchand	" Rai Bahadur Tikamchand	177/179, Kalbadevi Road. Bombay
348	" Nariman M. Pohowalla	" The Bombay Glass Bangles Merchants' Association	82, Bazar Gate Street, Fort, Bombay
349	" Himatlal Trimbaklal Muni	" Chaturbhuj Bhaichandbhai & Co.	361, Hornby Road, Fort, Bombay
350	" Dhirajlal U. Modi	" The Gujarati Type Foundry	Gaiwadi, Girgaon, Bombay
351	" Manu Subedar	" The Peninsular Locomotive Co., Ltd.	Kodak House, Hornby Road, Fort, Bombay
352	" Hiralal Maganlal Desai	" The Union Chemical Agency	70, Apolle Street. Fort, Bombay
353	" G. F. Munshi	" The Gujrat Islam Match Mfg. Co., Ltd.	Kankaria Road, Ahmedabad
354	" T. M. Musabhoj	" M. Musabhoj & S.n.	34/38, Jijithoy Dadabhoj Street, Fort, Bombay
355	" N. R. Khambtai	" The Trinity Electric Syndicate	Princess Street, Bombay
356	" Kalvanbhai S a r a b h a i Javeri	" Sarabhai & Sons	Nawab Building, Hornby Road, Fort, Bombay
357	" Jeevanji Currimji	" The Sugar Merchants' Association	Khand Bazar, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER.

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Serial No.	Representatives of Members.	Names of Members.	Addresses.
358	Dr. S. W. Patil	Messrs. The Indian Co-operative Navigation & Trading Co., Ltd.	Keshavji Building, 149, Frere, Road Bombay
359	Mr. Ramdas Khimji	" Ramdas Khimji Trading Co., Ltd.	Albert Building, Hornby Road, Fort, Bombay
360	" C. R. H. Readymoney	" India International Co.	Readymoney Mansion, Churchgate St., Bombay
361	" Narayanlal Bansilal Pittee	Mr. Narayanlal Bansilal Pittee	Hari Building, 58/64, Custom House Road, Fort, Bombay
362	" Khimchand A. Metha	Messrs. Mehta & Co.	119, Meadows Street, Fort, Bombay
363	" F. E. Dinshaw	Mr. F. E. Dinshaw	C/o Messrs. Payne & Co. Solicitors, Esplanade Road, Fort, Bombay
364	" Sorab Dalal	Messrs. Sorab Dalal Tile Works	"Westview", Khanpur Road, Ahmedabad
365	" F. J. Bhungara	Mr. F. J. Bhungara	28, Camomile Street, London, E. C. 3.
366		Messrs. The Bengal Laxmi Cotton Mills, Ltd.	28, Pollock Street, Calcutta
367	Hon. Mr. Rattansey D. Morarji	" The Dharamsey Morarji Chemical Co., Ltd.	Sudama House, Ballard Estate, Bombay
368	Do.	" The Dharamsey Morarji Woollen Mills, Ltd.	Do.
369	Mr. Bhogilal Laherchand Javeri	Messrs. Batliboi & Co.,	Forbes Street, Fort, Bombay.
370	" Abdulla Fazulbhoy	" Bombay Motor Exchange	Queen's Road, Opp. Marine Lines Station, Bombay.

371	Mr. H. F. Commissariat	Mr. H. F. Commissariat	Commissariat Building, Hornby Road, Fort, Bombay
372	" Girdharilal Kishendial	Messrs. Tulsidas Kishendial	56, Mirohi Lane, Mandvi, Bombay
373	" Farroke E. Bharucha	Mr. Farroke E. Bharucha	Canada Building, Hornby Road, Bombay
374	Pandit Shiva Kishan Kaul	Messrs. Sir Daya Kishan Kaul Sons & Co.	5, Abbot Road, Lahore
375	Sir Byramjee Jeejeebhoy	Sir Byramjee Jeejeebhoy	Alice Building, Hornby Road, Bombay
376	Mr. B. S. Lalkaka	Messrs. The Pioneer Magnesia Works	10, Rampart Row, Fort, Bombay
377	" Dharamsey Mulraj Khatau	Mr. Dharamsey Mulraj Khatau	42, Ballard Road, Fort, Bombay
378	" Ramdev Anandilal Podar	Messrs. Anandilal Podar & Co.	Marwari Bazar, Bombay
379	" Jehangir Ruttonji Dubash	Mr. Jehangir Ruttonji Dubash	24, Carnac Bridge Road, Bombay
380	" Govinddas Maneklal	" Govinddas Maneklal	Asarva Road, Ahmedabad
381	" Bhaidas Nanlal	Messrs. Bhaidas Karsondas & Co.	7/10, Elphinstone Circle, Bombay
382	" Parshotamdas Vallabhdas	Mr. Parshotamdas Vallabhdas	Laburnum Road, White House Gamdevi Bombay
383	" Tribhovandas Parshottam	Messrs. Narotamdas Ramchand & Co.	C/o Mackinnon Mackenzie & Co., Ballard Estate, Bombay
384	" Vrajilal Jivandas	" Lukhmidas Vrajilal & Co.	M. J. Market, Govind Galli, Bombay

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Serial No.	Representatives of Members.	Names of Members,	Addresses.
385	Mr. J. K. Dubash	Mr. J. K. Dubash	Dady House, Churohgate Street, Bombay
386	" Mulji Lakhmidas	Messrs. Vussonji Morarji	36, Holi Chuckla, Bombay
387	" Ratilal Mulji Gandhi	" Ranchhoddas Pragji & Co.	Dana Bunder, Bombay
388	" Dayaram Sadhumal	" Dayaram Sadhumal	Jackeria Musjid, Halai Mohalla, Bombay
389	" Ramdas Raghowji	" Raghowji Govindji & Co.	Mulji Jetha Market, Navi Galli, Bombay
390	" Jagmohundas Kaliandas	Mr. Jagmohundas Kaliandas	" Laila Hall" Mount Mary, Bandra
391	" M. S. Captain	Messrs. Captain & Vaidya	121, Esplanade Road, Fort, Bombay
392	" Kanji Gordhandas Toprani	Mr. Kanji Gordhandas Toprani	107, Bazargate St., Fort, Bombay
393	" Lachmandas Harchand Daga	Messrs. Rai Bahadur Bansilal Abirchand	558/62, Shaikh Memon St., Bombay
394	" Tribhovan Kesavji	" Tribhovan Kesavji & Co.	271, Frere Road, Fort, Bombay
395	" V. P. Lalan	" Lalan & Co.	Elphinstone Circle, Fort, Bombay
396	" Pestonji Naoroji Kapadia	Messrs. Madhowji & Naoroji	113, Esplanade Road, Fort, Bombay
397	" Homasji Pestonji Kapadia	Do.	Do. do. do.

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398	Mr. Nanji Ludha	Messrs. Amarchand Madhowji & Co. (The Bombay Rice Merchants' Association)	New Chinch Bunder Road, Bombay
399	" Sunderdas Thakersey Rajia	Mr. Sunderdas Thakersey Rajda	45, Old Hanuman Lane, Kalbadevi Road, Bombay
400	" Gopalji Ratansey	Messrs. Jethabhai Gopalji & Co.	Mulji Jetha Market, Pragraj Galli, Bombay
401	" Chunilal Bhaichand Mehta	Mr. Chunilal Bhaichand Mehta	50, Marwari Bazar, Bombay
402	" Apaji B. Amin	Messrs. Apaji Amin & Co.	Bharucha Bldg., Princess Street, Bombay
403	" S. B. Cardmaster	" The Bombay Life Assurance Co. Ltd.	Apollo Street, Fort, Bombay
404	" Ratilal M. Nanavati	" Kantawalla Nanavati & Co., Ltd.	30, Tamarind Lane, Fort, Bombay
405	" Shapurji Sorabji	" Sorabji Shapurji & Co. Ltd.	E. D. Sassoon Building Ballard Estate Bombay
406	" Haji Essa Haji Oosman Poonawalla	" Haji Noormahomed & Haji Essa	9, Club Back Road, Byculla, Bombay
407	" J. B. Boman-Behram	Mr. J. B. Boman-Behram	Sea side, Colaba.
408	" Jivanlal Motichand Shah	Messrs. Jeevanlal & Co.	Kansara Chawl, Kalbadevi Road, Bombay
409	" Sultan Chinoy	" The Bombay Garrage	Opp. Band Stand, Chaupatty, Bombay
410	" Pherozeshah J. Marzban	" J. B. Marzban & Co.	Jam-e-Jamshed Office, Ballard House. Manglore St., Fort, Bombay
411	" Ahmed N. Futehally	" N. Futehally & Co.	19, Bank Street, Fort, Bombay
412	" Pandharinath Ramrao Dalvie	" Dalvie Brothers	1, Bruce Road, Fort, Bombay

LIST OF MEMBERS OF THE INDIAN MERCHANTS' CHAMBER

Serial No.	Representatives of Members.	Names of Members.	Addresses.
413	Mr. Ballabhdas Eswardas Agrawal	Mr. Ballabhdas Eswardas Agrawal	Khandwa, (C. P.)
414	" Bhawanji A. Khimji	Messrs. Arjan. Khimji & Co.	Navsari Chambers, Outram Road, Fort, Bombay
415	Capt. S. A. Paymaster	Capt. S. A. Paymaster	C/o Thomas Cook & Son., Hornby Road, Bombay
416	Mr. Mathradas Khimji	Messrs. The Jamnadas Nursey Ginning & Pressing Co. Ltd.	Albert Building, Hornby Road, Fort, Bombay
417	" Karamchand Chunilal	Mr. Karamchand Chunilal	Sriram Mansion, Sandhurst Road, Bombay
418	Seth Kasturbhai Lalbhai	Seth Kasturbhai Lalbhai	Pankor Naka, Ahmedabad
419	Mr. Rustom Pestanji Masani	Mr. Rustom Pestanji Masani	Central Bank Building, Esplanade Road Bombay
420	" Dwarkadas Chhotatal Vakil	" Dwarkadas Chhotatal Vakil	12, Third Parsivada, Girgaum Back Road, Bombay
421	Rao Bahadur Laxman Vishwanath Pophale	Rao Bahadur Laxman Vishwanath Pophale	Malegaon, (District Nasik.)
422	Mr. Dayaram Surajmal Lahoti	Messrs. Mahabooobshahi Kulbarga Mills Co., Ltd.	133, Prendergast Road, Seunderabad
423	" Girdharlal H. Lohana	Mr. Girdharlal H. Lohana	Duncan Road, Bombay 4.
424	" D. T. Thadhani	Messrs. Malik Thadhani & Co.	Kazi Syed Street, Bombay

425	Mr. M. L. Dahanukar	Mr. M. L. Dahanukar	Parvati Bldg., Princess St., Bombay.
426	" D. M. Madon	Messrs. The Tata, Iron & Steel Co. Ltd.	Bombay House, Bruce Road, Fort, Bombay.
427	" Mathuradas Vissanji	" Vissanji Sons & Co.	9, Wallace St., Fort, Bombay
428	" Nemchand Abaichand	" Nemchand Khimchand & Co.	182, Shaikh Memon St. Bombay
429	" Motilal Bawalal	" Motilal Bawalal	Dalal St., Fort, Bombay
430	" N. M. Dutt.	" Hindustan Co-operative Insurance Society, Ltd.	Commissariat Bldg., Hornby Road, Fort, Bombay
431	" Hargovandas Jeevandas	Mr. Hargovandas Jeevandas	Diamond Bldg., Lohar Chawl, Bombay 2
432	" Preheladji D. Bhat	Messrs. Purnshotam Mathradas & Co., Ltd.	Kazi Syed Street, Bombay
433	" Chunnilal G. Munim	Mr. Chunnilal G. Munim	Kilohand Devchand's Bungalow, Girgaum B. Road, Bombay
434	" Ebrahim Curmally	Messrs. Curmally Janmahomed	160, Samuel Street, Bombay
435	" N. W. Gurjar	" Kirloskar Bros. Ltd.	Kirloskar wadi, (Aundh State)
436	" M. L. Dahanukar	The Maharashtra Chamber of Commerce	Phoenix Bldg., Ballard Estate, Fort, Bombay
437	" Jayantilal Devidas	Mr. Jayantilal Devidas	Carnao Bunder, Bombay
438	" R. Hashmatrai	Messrs. Dhanamal Chellaram	62-64, Medova Street, Fort, Bombay

Rules and Regulations of the Indian Merchants' Chamber.

(As amended upto 27th November 1926.)

Name, 1. The Association shall be styled "The Indian Merchants' Chamber."

Office, 2. The office of the Chamber will be situate in Bombay.

Objects, 3. The objects for which the Chamber is established are :—

- (a) To encourage friendly feeling and unanimity among business community on all subjects connected with the common good of Indian merchants,
- (b) To secure organised action on all subjects relating to the interests of the Indian business community directly and indirectly.
- (c) To promote the objects of the Indian business community in matters of inland and foreign trade, shipping and transport, industry and manufacture, banking and insurance.
- (d) To collect and disseminate statistical and other information securing the promotion of objects of the Chamber, and to make efforts for the spread of commercial and economic knowledge.
- (e) To take all steps which may be necessary for promoting, supporting or opposing legislation or other action affecting the aforesaid interests by the Government or

any Department thereof or by any local body or bodies and in general to take the initiative to secure the welfare of the business community in all respects.

- (f) To make representations to Local, Central or Imperial authorities, Executive or Legislative, on any matter affecting trade, commerce, manufacture or shipping, banking or insurance.
- (g) To undertake by arbitration the settlement of commercial disputes between merchants and businessmen and also to provide for arbitration in respect of disputes arising in the course of trade, industry or transport, and to secure the services of expert technical and other men to that end if necessary or desirable.
- (h) To advance and promote commercial and technical education and to found and support establishments and institutions for such purposes.
- (i) To undertake special enquiries and action for securing redress for legitimate grievances of any branch of trade or industry as also all such other action as may be conducive to the extension of trade, commerce or manufactures, or incidental to the attainment of the above objects.
- (j) To secure the interests and well-being of the Indian business communities abroad.
- (k) And generally to do all that may be necessary in the interests of the realisation of the above objects of the Chamber directly or indirectly.

4. There shall be three classes of members:—

Members. (1) Ordinary, (2) Patrons and (3) Honorary.

(1) There will be three classes of ordinary members ;—

- (a)—Residents of Bombay and its suburbs who will have to pay Rs. 75 as annual subscription; but Joint-stock Companies will have to pay Rs. 100 per year.
- (b)—Mofussil members who will have to pay Rs. 25 as annual subscription.
- (c)—Associations which will have to pay Rs. 125 as annual subscription.

Admission Fee: All the ordinary members and patrons will have to pay Rs. 100 as admission fee which will be credited to a capital fund of the Chamber and shall not be expended on revenue account except with the consent of the general body.

- (2) Patrons:—Indian firms or individual Indian merchants can join as Patrons. Firms will have to pay Rs. 5,000 and individuals Rs. 2,500 as donation, the proceeds of which will be credited to a capital fund which shall not be expended on revenue account but the interest whereof shall be taken to revenue account.
- (3) Honorary members:—Gentlemen distinguished for public services or eminent in commerce and manufactures or otherwise interested in the aims and objects of the Chamber may be elected as Honorary members by a General Meeting of the Chamber by two-thirds of the majority of members present at the meeting on the recommendation of the Committee and as such shall be exempted from paying subscriptions. They shall not be entitled to vote at any meeting of the Chamber nor shall they be eligible to serve on the Committee.

5. Any Indian gentleman, firm or association engaged in mercantile pursuits or interested in trade and commerce desirous of joining the Chamber shall be eligible for membership.

Eligibility for membership of the Chamber.

6, (a) The applicant, whether an individual or a firm or an association, shall sign the admission form giving details of one's business and send it to the Secretary with signatures of the proposer and the seconder, who must be members of the Chamber. This application shall be submitted to the Committee who will fix the dates for the election by ballot, and appoint a scrutineer. At least seven days' notice shall be given to all the members, stating dates for voting and the names of candidates with their proposers and seconders. Votes shall be received during the said seven days from 11 A. M. to 4 P. M. (B. T.)

(b) On the seventh day the ballot-box shall be opened at 4 P. M. (B. T.) by a scrutineer and the Secretary who will jointly declare the result of the voting.

(c) At least one tenth of the members of the Chamber must register their votes to make the ballot valid.

(d) In all voting for election to membership the presence in the ballot box of black balls in the proportion of one in six shall exclude.

Twelve negative votes shall be deemed to exclude.

7. A member wishing to resign shall give written notice to the Secretary not less than one calendar month before the completion of his annual period; otherwise he will be liable for the subscription for the next year.

Disqualifications of members. 8. A member shall be deemed to be disqualified if:

(a) he becomes an insolvent.

(b) he fails to discharge his subscription for a period extending over twelve months.

Privileges of members. 9. A member of the Chamber shall be entitled.

- (a) To obtain gratis publications of the Chamber,
- (b) To the free use of the Chamber's library,
- (c) To vote at all meetings of the Chamber or on any matter referred to the General body of members by circular,
- (d) To be elected as an office bearer of the Chamber,

10. There shall be held a general meeting of members, which Meetings of shall be called the Annual Ordinary General members. Meeting within a month of the 31st December when the official year of the Chamber closes (provided that the Committee can extend the period upto a fortnight by a special resolution), to transact the following business :—

- (a)—To receive the annual report of the retiring Committee and the audited statement of accounts of the Chamber.
- (b)—To record the declaration of the result of election of office-bearers for the ensuing year.
- (c)—To elect an auditor for the ensuing year.
- (d)—To transact such other business of which notice may have been given by a member five clear days before the date fixed for the Ordinary General Meeting, and of which the Secretary will have given notice to the general body of members by post or otherwise two days before the date of the meeting.

There shall be held during the course of the year, in addition to the Annual Ordinary General Meeting three other ordinary meetings when a resume of the work done during the previous quarter will be supplied to members.

A Special General meeting of members may also be called whenever the Committee think fit; and the Committee shall also call a Special General Meeting on the requisition in writing of at least 10 members of the Chamber stating the object of the meeting.

At least three days' clear notice shall be given to members specifying the day, place, hour and objects of the meeting even when the special General Meeting is convened by the Committee.

Ten days' clear notice of all other General Meetings, whether ordinary or special, shall be given to members specifying the day, place, hour and object of the meeting. Such General Meetings will also transact such other business of which notice has been given by a member five clear days before the date fixed for the meeting and of which the Secretary has given notice either by post or otherwise to the general body of members two days before the date of the meeting.

11. 15 members shall be deemed a quorum for a General Meeting, whether Ordinary or Special. No business can be transacted at any General Meeting, whether Ordinary or Special, if within 30 minutes of the hour specified for the meeting no quorum is formed. In that case the meeting shall stand adjourned to such date, hour and place as the members present at the meeting may fix.

12. An adjourned meeting can transact the business for which it is called without the necessary quorum.

13. The Chairman of the Committee shall preside at every General meeting, or the Vice-Chairman in his absence. In the case of the absence of the Chairman as well as the Vice-Chairman, the members present may vote one from among themselves to take the chair.

14. Every resolution submitted to the meeting shall be decided by a show of hands. In the case of equality of votes the Chairman shall have a casting vote in addition to his own vote. Each member has the right to speak and vote on any subject which may be submitted for consideration at any General Meeting, provided that firm or

association having more than one member shall have one vote only though its several members may be present at the meeting and take part therein.

15. At every Annual Ordinary General Meeting there shall
 Managing Com- be elected a committee to carry out the objects
 mittee, of the Chamber, consisting of the Chairman,
 the Vice-Chairman, and 23 members.

16. The Committee shall fill up any vacancy of an ordi-
 Vacancy in the nary member there of occurring during the
 Committee, year.

Non-attendance of a member of the committee without the previous permission of the Committee at meetings of the Committee for three months consecutively will be considered a disqualification for his membership of the Committee and his office shall be considered vacant for the purposes of this rule.

The Secretary will send a reminder to a member of this rule if he has absented himself for two months without the required permission.

17. Any vacancy during the year in the office of the Chair-
 Vacancy in the man or the Vice-Chairman created by resig-
 office of the Chair- nation or by his going out of India for more
 man or the Vice- than one month shall be filled up by election
 Chairman, in accordance with rule No. 26.

If the Vice-Chairman goes on leave in India for more than one month, the Committee shall appoint a substitute during his absence from among its own members.

18. The Committee shall retire at the end of its term of
 Retirement of office but shall continue in office till its succe-
 the Committee. sor is appointed,

19. The Committee shall frame its own rules for the purpose of regulating its proceedings which may be amended or altered or revised as it may deem expedient.

20. The Committee shall have the power to appoint a Secretary, Secretary on such remuneration as it may deem proper and prescribe his duties and functions.

21. The Committee shall cause accounts of the Chamber to be kept and all receipts and funds shall be paid into such bank or banks as may be selected by it. Such accounts shall be regularly audited at the close of the year, and adopted at the Ordinary Annual General Meeting.

22. The Committee shall meet at least once a month to dispose of all communications and references and consider all matters which may be on the agenda.

23. The Committee shall cause to be kept a book in which the minutes of the proceedings shall be regularly recorded.

If a member of the Chamber wishes to see this minute book he can do so after giving at least 24 hours' notice to the Secretary of the Chamber.

24. After the commencement of a new official year, representatives of principal trades who are members of the Chamber shall be asked by the Committee to elect Sub-Committees of five members from amongst themselves. All questions relating to these trades coming before the Committee during the course of the year shall be first referred to such Sub-Committees whose suggestions shall then be placed before the Committee. Such Sub-Committees shall be formed only for those trades which have at least ten representatives as members.

of the Chamber. The work of electing Sub-Committees shall ordinarily be done by the representatives themselves, but they can have the assistance of the Secretary of the Chamber if they require it.

The Committee shall at their discretion appoint a Sub-Committee from among their members to consider and report upon such special matters as they may deem expedient and they shall also have the power to invite at their meeting persons other than members of the Chamber and the Committee to consult them or take their advice on such matters as may be deemed necessary.

25. The Secretary shall state in the register of members of the Chamber names of gentlemen who may be representing, for the time being, any members of the Chamber whether associations, firms or individuals. These names will also be given in the lists of members submitted to members for the election of office bearers and representatives of the Legislative Council and such other public bodies. The elected gentlemen will be considered to be personal by elected as representing particular members, and on their place falling vacant through any reason a fresh election will be made according to the rules in force for the time being.

Any member of a firm (or its representative, being on that account a member of the Chamber, on his severing the partnership or connection with the firm, will no longer be a member of the Chamber.

This rule will not affect Rule No. 14

This register shall contain details regarding business of all members and shall also record the classified lists of members according to different trades.

26. A list of members of the Chamber together with a list showing the attendance of members of the Committee at their meetings during the year shall be circulated by the Secretary amongst all the mem-

bers before the 15th of January. Within a week of the receipt thereof of nominations for Presidentship, Vice-Presidentship, and membership of the Committee duly proposed and seconded and approved by the nominee, shall be sent to the Secretary. The Secretary shall prepare and publish a list of nominations received by him together with the names of their proposers and seconders. This list shall be called the voting paper. Voting papers shall be sent to the members of the Chamber seven clear days before the date fixed for the election. The President and the Vice-President shall be elected from among the nominations received for Presidentship and Vice-Presidentship respectively and 23, Members of the Committee shall be elected from among the nominations received for membership of the Committee. Votes recorded for a candidate for Presidentship will be *ipso facto* recorded for his election as a member of the Committee. President and Vice-President shall be *ex-officio* members of the Committee.

The voting shall be by means of voting papers received in the ballot box on days fixed by the Committee marked with crosses against the names of members whom they wish to propose as office bearers.

This voting by ballot will be carried on in the following manner:—Big and small printed envelopes addressed to the Secretary of the Chamber will be sent to members with voting papers. Members will enclose their voting papers in the small envelope and then enclose both this envelope and a letter duly signed stating that the voting paper is sent by them in the big envelope and send this to the Secretary who will open it placing the letter with the signature in one box, and the small envelope containing the voting paper, which shall be unsigned, in the ballot box.

The retiring Committee shall appoint two scrutineers who must be members of the Chamber, who with the Secretary will

open the ballot box on the day following the ballot days and declare the result. Those who have obtained the highest number of votes shall be deemed to be duly elected. But in the event of refusal to serve on the part of any one or more of them, the member or members who has or have obtained the next highest number of votes shall be considered to be elected in his or their place. The new Committee shall take office on the first day succeeding the holding of the Ordinary Annual General Meeting and they shall so continue to act until the holding of the next Ordinary Annual General Meeting. A member or members of the Chamber representing it in the Bombay Legislative Council, the Bombay Port Trust or the like public bodies will be *ex-officio* members of the Committee if they are not already members of the same.

- (a) The new Committee shall co-opt, out of the general body of members, five Association members ;
- (b) The new Committee shall further co-opt three ordinary members, who, in their opinion will prove useful to them for consultation.

Such co-opted members will be elected by the Committee at its first meeting by ballot from among the members proposed at the meeting by members of the Committee.

27. In the case of equality of votes recorded for the election of the Chairman or the Vice-Chairman or both, the Committee will invite a second ballot as to who shall be elected. In the case of equality of votes recorded for members of the Committee lots will be drawn and the election be declared in favour of the member who draws the lot.

28. Any person resident out of Bombay, engaged or interested in mercantile pursuits visiting Bombay may be introduced as a visitor by any member of the Chamber who has previously obtained permission of the

Visitors.

Chairman or in his absence the Vice-Chairman, through the Secretary, provided that a residence beyond one month shall subject such visitors to the rules for the admission of members.

29. All moneys or funds of the Chamber shall be primarily paid into the hands of the Secretary who shall pay the same into an account to be opened with any bank that may be approved by the Committee in the name of the Chamber. All cheques on that account shall be signed by the Chairman in his absence by the Vice-Chairman for the time being and a member of the Committee in the absence of both the Chairman and the Vice-Chairman cheques shall be signed by two members of the Committee. All cheques shall be countersigned by the Secretary.

30. The Chamber reserves to itself the right of expelling any member in case he does any act or pursues any conduct that is either in contravention of the rules of the Chamber or detrimental to its credit or is in any way injurious to its welfare and interest or by any other good and sufficient reasons it is thought desirable to remove him from his membership of the Chamber. But action on that behalf shall only be taken on the resolution of a General Meeting whereat four-fifths of members present have voted in favour of the proposal.

31. The foregoing rules and regulations shall be copied in book to be kept with the records of the Chamber. Printed copies of the same shall be forwarded to all the members and no alteration or addition shall be made therein or thereto save and except by a majority of three-fourth of the members of the Chamber present at a General Meeting convened by a notice issued at least 7 clear days before the holding of such a meeting and in which all the terms of proposed alterations or additions shall have been clearly set forth.

RULES OF THE COURT OF ARBITRATION OF THE CHAMBER,

As it is desirable that there should be a tribunal for the speedy disposal of disputes and differences arising between merchants, the Indian Merchants' Chamber has adopted the following scheme:—

1. There shall be a court of Arbitration working under the supervision and guidance of the Chamber.

2. The Council of the Chamber shall prepare a list of not less than 60 persons who having consented to do so shall form the Court of Arbitration. Whenever called upon a member or members shall solely or jointly constitute a tribunal for the disposal of a case referred to him or them.

3. There shall be a committee of five members elected by the Court from among themselves who shall regulate the appointment of arbitrators by the parties for the tribunal, preparing and revising rules of procedure and preparing tables of fees to be charged and paid.

4. This Committee shall be a permanent body but so that two members thereof shall retire every year and whose places shall be filled up by the Court. The retiring members shall be eligible for re-election.

5. In electing members of the Court the Council of the Chamber shall have regard to the recommendation of the Chambers of Commerce and Trade Associations affiliated to this Chamber.

6. The Secretary of the Chamber shall be the Registrar of the Court. It shall be his duty to act as Secretary of the Court, its Committee and its tribunal and keep records and do all the executive work of the Court.

7. The rules of the Indian Arbitration Act of 1899, and Schedule 2 of the Civil Procedure Code of 1908 (Arbitration) will apply to the arbitrations under these rules except as modified by them.

8. The disputants who wish to take advantage of this scheme shall execute a reference paper in the form prepared by the Committee of the Court and file the same with the Registrar.

9. The Registrar will place reference papers before the Committee of the Court. Parties should nominate arbitrators and in case of their failure to do so within a week from the day of filing reference the Committee of the Court shall appoint two arbitrators, and direct to procure their consent to act in the tribunal. This having been obtained and the tribunal constituted the Registrar shall fix a day for the trial and give notice thereof to the parties.

10. On the day fixed for trial and before they commence it, the Arbitrators, if they are more than one, between themselves fix upon an Umpire who should take up the arbitration in case of the difference of opinion between the arbitrators. This name shall not be disclosed but shall be written on a paper, put in an envelope and sealed. The envelope shall be handed over to the Registrar who will open it only in case of difference of opinion and thereupon immediately request the Umpire to take up the matter.

11. The arbitrators may take oral or documentary evidence, hear parties or their agents, may take expert advice and do everything in the matter to come to a right decision of the case.

12. Within one month from the filing of the reference, or such further time as they may extend, the arbitrators shall prepare a written award, sign the same in the presence of the Registrar and hand over the same to him.

13. The arbitrators in their decision may by writing extend the time to make their award but in no case it will be later than

three months from the date of reference. If they fail to make the award within the time prescribed, the Registrar shall forthwith request the Umpire to take up the matter.

14 The Umpire shall make his award within a fortnight from the day he takes it up provided he extends the time to do so by writing, but such shall not exceed two months from the day on which he has taken up the matter. If he fails to give his award during that time the arbitration shall lapse and the parties may put in a fresh reference.

15. The parties to an arbitration shall pay to the Registrar such fees as may from time to time be fixed by the Committee of the Court.

16. The arbitrators of a tribunal or an Umpire shall entitled to such fee or fees for their services as may be fixed by the Committee of the Court.

RULES PREPARED BY THE COMMITTEE OF THE COURT FOR CARRYING ON THE WORK OF THE ARBITRATION COURT.

The provisions Act IX of 1899 (Arbitration) will apply to all the arbitration made to this Court under its rules.

2. Under these rules the word "The Court" means the Court appointed by the Committee to the Arbitration Court.

4. The disputants shall prepare a submission paper in the form (1) of the Indian Arbitration Act, copies whereof will be supplied by the Registrar on payment of one anna.

4. The submission paper shall state :

(a) The name of disputants made over in several numbers and arranged as far as practicable as Plaintiffs and Defendants.

- (b) Each party shall mention in short the facts of his case.
- (c) Specify the name of the sole Arbitrator or two Arbitrators as the case may be to whom the submission would be made.
- (d) Specify whether the Arbitrator or Arbitrators have consented to take up the arbitration.
- (e) A statement showing that the party shall abide by the award made by the Arbitrators or Arbitrators or the Umpire unless it is bad in the Law.
- (f) Specify that they have paid Rs. 20 to the Registrar at the time of the submission paper or in case of more arbitrators than one, Rs. 20 for each arbitrator named.
- (g) The disputants who are not members of the Chamber shall pay double the fees mentioned in Schedule.

5. On receipt of the reference paper the Registrar shall fix a day for the hearing of the case and give notice to the Arbitrators and the parties. In case any of the Arbitrators refuses to act, the Committee shall be called upon to nominate an Arbitrator in his place who after signifying his consent will at once take up the matter.

6. The Registrar shall issue notices to the parties to appear before the Arbitration Court with the papers proving their case and the witnesses if any.

7. The Court before proceeding with the case and if the Arbitrators are more than one shall write down the name of the Umpire in case of their disagreement, and place the paper in an envelope, seal it and hand it over to the Registrar. The name shall not be mentioned to any person until on the opening of the envelope by the Registrar as hereinafter provided.

8. The Arbitrators shall hear the parties and their witnesses, consider the documents produced and thereafter adjourn to consider their award.

9. Within the time fixed by the Court Rule XII and within such extended time as may be fixed by the Court but in no case more than three months from the date of the submission, the Arbitrators shall sign their award in the presence of the Registrar who will attest the same and file it.

10. The Arbitrators shall in the arbitrations make provision for the costs and the proportion in which and by whom and to whom to be paid.

11. If the hearing lasts for more than one day of two hours at a time the arbitrators may fix upon the amount of the Court's costs to be paid per diem by the parties.

12. If the arbitrators do not agree as to the award the non-agreement shall be notified to the Registrar who will open the sealed envelope and will at once refer the matter of difference to the Umpire who will make his award within the time prescribed by Rule XIV of the Court Rules.

13. When the award is made by the Umpire the same shall be signed by him in the presence of the Registrar who will attest it and file it.

14. The Registrar within four days from the filing of the award give notice to the parties and when applied for give a copy of the same to him or them.

15. The fees fixed in the Schedule annexed hereto shall be charged under these rules.

Schedule.

- (1) Fee to be tendered with the reference paper Rs. 20 for each Arbitrator named in the Reference paper and a fee of Rs. 30 shall be tendered for the Umpire in case the matter is referred to the Umpire provided that Rs. 5 shall be deducted from all such fees as fees due to the Chamber.

- (2) The parties before they enter upon hearing shall deposit Rs. 50 for making and stamping the award which will be accounted for at the time of filing the award.
- (3) The party applying for copy of the award shall pay full stamps required to be paid under the Stamp Act, and the copying charges.

RULES FOR THE ELECTION OF PORT TRUSTEES BY THE CHAMBER.

[Adopted at the Extra-ordinary General Meeting of the Chamber held on Wednesday, the 28th February 1923).

1. The Electoral Roll of the Chamber shall be prepared by the Secretary and circulated among the members of the Chamber at least 12 clear days before the date of the election giving particulars regarding the respective trade of each member provided that the name of each member shall be entered under any one of the following trade-sections as he may select, viz, (1) Cotton (2) Piecegoods (3) Grain and Seeds (4) General. No member, after once selecting a particular section, shall be allowed to get his name transferred to another section except for special reasons, and the Committee shall decide as to the validity of such reasons. Protests, if any, against the allocation of a member to a particular trade will be examined by a Sub-Committee consisting of two members appointed by the Committee and the Secretary, (whose decision shall be final) on any such date as may be fixed by them. Changes regarding other items in the Electoral Roll shall be notified to the Secretary, within three days of the issue of such a roll which shall be amended accordingly. No vote by proxy shall be allowed.

2. Candidates of the election as Port Trustees, as well as voters, should be members of the Chamber or duly-nominated representatives of the members of the Chamber, with their names registered as such in the Register of Members of the Chamber and the Electoral Roll, provided that candidates must always be Indians.
3. The Committee of the Chamber shall, as and when necessary, invite applications from members for election as Trustees of Port of Bombay and shall fix the date on which the election shall be held provided that there shall be the following allocation of seats to different trade interests.—

<i>Trades</i>	...	...	...	<i>Seats.</i>
Cotton	...	...	...	1
Piece-goods	...	...	...	1
Grain and Seeds	...	...	...	1
General	...	...	...	2

There may be any number of candidates from each of these sections but only the number allotted to each shall be elected.

4. Any member desirous of standing as a candidate for the election shall signify in writing such his desire to the Secretary seven clear days before the date fixed for the election, and send his nomination signed by his proposer and seconder who must be members of the Chamber stating what particular section he represents provided that he shall be allowed to stand on behalf of that particular section which has been specified against his name in the Electoral Roll under rule No. 1.

5. If the number of candidates for election for different sections shall be the same as the number of vacancies the candidates shall be deemed to be duly elected.
6. If the number of candidates for election for different sections shall exceed the number of vacancies the Secretary shall send the names of such candidates to each member of the Chamber three clear days before the date fixed for the election, giving particulars regarding the trade which each candidate represents.
7. The Committee of the Chamber shall appoint two scrutineers for the the scrutiny of voting papers at least 7 clear days before the date of the election.
8. On the day of the election the ballot-box will remain open from 10 a.m. to 6 p.m. (S.T.) in the office of the Chamber. Voting papers will be supplied to members of the Chamber in the office of the Chamber and members will fill these up and place them in the ballot-box. The counterfoils of these voting papers shall be first signed by members which shall be retained by the Secretary. The ballot-box will be in charge of the Secretary or an officer of the Chamber appointed by him. Scrutineers will seal the ballot-box at 6 p. m. (S. T.) on the day of the election and after scrutinising the voting papers shall on the day following along with the Secretary declare the result. No duplicate voting paper will be issued unless the original is returned. Candidates and their agents shall not be allowed in the room in which the ballot-box is placed excepting for the purpose of registering their own votes.
9. The candidate or, where there is more than one Trustees to be elected for the different sections, the candidates not exceeding the number of Trustees to be elected

who has or have the largest number of votes shall be declared duly elected.

10. In the event of an equality of votes preventing the due election of any of the candidates the members shall vote a fresh in the manner above laid down in respect of the candidates having an equal number of votes.
11. In the event of a casual vacancy or temporary absence of a Trustee the same course shall be followed in the appointment of a substitute.

RULES FOR THE ELECTION BY THE CHAMBER OF A REPRESENTATIVE ON THE BOMBAY MUNICIPAL CORPORATION.

(Adopted at the third Quarterly General Meeting of the Chamber
held on 11th November 1922).

- (1) Candidate for the election as a corporator of the Bombay Municipality, as well as voter, therefor, should be members of the Chamber or representatives deputed by member-firms or member-associations (whose names should be duly notified to the Secretary of the Chamber from time to time) provided that candidates must always be Indians.
- (2) Those members who wish to become candidates in conformity with Rule I should send their names to the office of the Chamber twelve clear days before the date fixed for the election together with the names of proposers and seconders.
- (3) The Committee of the Chamber shall elect two Scrutineers at least seven clear days before the date fixed for the election.

- (4) The Secretary of the Chamber shall circulate the names of candidates at least seven clear days before the date fixed for election,
- (5) The Committee shall fix a day (notice thereof shall be given to all the members of the Chamber) on which the ballot-box will be kept open from 10 a. m. to 6 p.m. (S. T.). Voting papers will be provided to the members in the office of the Chamber and the members will be required to place them, duly filled in, in the ballot-box. The slips containing the signature of the members, voting will be placed in another box. Both these boxes will remain in charge of the Secretary or other officer of the Chamber appointed by him. At 6 p. m. (S. T.) on the date of the election the Scrutineers shall seal the ballot-box and on the next day after scrutinising the voting papers declare the result of the election. A fresh voting paper will only be issued in return of the original one. It shall not be open to the candidates or to their agents to enter the room containing the ballot-box except for the purpose of recording their votes, nor will they be permitted to arrange refreshments in connection with the election.
- (6) The candidate who gets the highest number of votes shall be declared duly elected.
- (7) In the event of two or more candidates getting an equal number of votes the election shall be held afresh in the manner above laid down in respect of candidates getting an equal number of votes.
- (8) In the case of there being only one candidate, he shall be declared to be duly elected.
- (9) In the case of a casual vacancy necessitating the election of a substitute the election shall be made in the manner above laid down.

Rules for the Election by the Chamber of a Representative on the Improvement Committee.

(Adopted at the Special General Meeting of the Chamber held on 27th March 1926.)

1. Candidates for the election as a member of the Bombay Improvement Committee, as well as voters therefor, should be members of the Chamber or representatives deputed by member-firms or member associations (whose names should be duly notified to the Secretary of the Chamber from time to time) provided that candidates must always be Indians.

Changes, if any, in names of representatives should be reported to the Secretary at least one week before the date of the election.

2. Those members who wish to become candidates in conformity with Rule 1 above should send their names to the office of the Chamber five clear days before the date fixed for the election together with the names and proposers and seconders.

3. The Committee of the Chamber shall elect two Scrutineers at least seven clear days before the date fixed for the election.

The Secretary of the Chamber shall circulate the names of candidates at least three clear days before the date fixed for the election.

5. The Committee shall fix a day (notice whereof shall be given to all the members of the Chamber) on which the Ballot-box will be kept open from 10 A. M. to 6 P. M. (S. T.). Voting papers will be provided to the members in the Office of the Chamber after getting their signatures on the counterfoil. These voting papers will be duly filled in by the members in the ballot-box-room and placed in the ballot-box. The ballot-box

will remain in charge of the Secretary or other officers of the Chamber appointed by him. At 6 P. M. (S. T.) on the date of the election the Scrutineers shall seal the ballot-box and on the next day after scrutinising the voting papers declare the result of that election. A fresh voting paper will only be issued in return of the original one. It shall not be open to the candidates or to their agents to enter the room containing the ballot-box except for the purpose of recording their votes, nor will they be permitted to arrange refreshments in connection with the election.

6. The candidate who gets the highest number of votes shall be declared duly elected.

7. In case any two or more candidates shall obtain an equal number of votes, the Chairman or, in his absence, the Vice-Chairman shall have a casting vote.

8. In the case of there being only one candidate he shall be declared to be duly elected.

9. In the case of a casual vacancy necessitating the election of a substitute the election for such period of vacancy shall be made by the Committee by ballot.

CHAIRMEN OF THE INDIAN MERCHANTS' CHAMBER.

1907 to 1913 Hon. Sir Manmohandas Ramji.

1913—14 Sir Purshotamdas Thakurdas, C. I. E., M. B. E.,
M. L. A.

1914—15 Sir Fazulbhoy Currimbhoy, C. B. E.

1915—16 Hon. Sir Dinshaw Edulji Wacha.

1916—17 Sir Lallubhai Samaldas, C. I. E.

1917—18 Late Sir Vithaldas D. Thakersey.

1918—19 Hon. Sir Chunilal V. Mehta.

1919—20 Mr. Jehangir Bomanji Petit.

1920—21 Mr. Lalji Naranji, M. L. C.

1922 Sir Purshotamdas Thakurdas, C. I. E., M. B. E.,
M. L. A.

1923 Sir Fazulbhoy Currimbhoy, C. B. E., (From 24-2-23 to
3-9-23.)

Mr. Devidas Madhowji Thakersey (From 4-9-23 to
25-1-24.)

1924 Hon. Sir Manmohandas Ramji.

1925 The Hon'ble Sir Phiroze C. Sethna O. B. E.

1926 Mr. Lalji Naranji M. L. C.

1927 Mr. Walchand Hirachand C. I. E., J. P.

Secretary ;—Mr. J. K. Mehta, M. A.

Assistant Secretary :—A. H. Maru, B. Sc., (Econ.) (NAT.)

Representative of the Chamber on the Indian Legislative Assembly—

Sir Purshotamdas Thakurdas, C. I. E., M. B. E., M. L. A.

Representative on the Bombay Legislative Council ;—

Mr. Lalji Naranji, M. L. C.

**Chamber's representatives on the Board of Trustees of the
Bombay Port Trust.**

1. Sir Parshotamdas Thakurdas, C. I. E., M. B. E., M. L. A.,
(Cotton,)
2. Hon. Sir Manmohandas Ramji (Piece-goods.)
3. Mr. Mathuradas Kanji Matani (Grain and Seeds.)
4. Mr. Lalji Naranji, M. L. C., (General.)
5. Mr. Laxmidas Rowji Tairsee, (General.)

**Chamber's representative on the Bombay Municipal
Corporation :—**

Mr. Kisandas Manmohandas Ramji.

**Chamber's representative on the Improvement Committee.
Sir Shapurji B. Billimoria, Kt. M. B. E.**

**Representative on the Advisory Committees of the Bombay
Development Department :—**

Mr. Manu Subedar.

Bachay Layout Committee :—

Mr. Walchand Hirachand C. I. E., J. P.

**Representative on the Indian Central Cotton Committee :—
Sir Parshottamdas Thakurdas Kt. M. L. A.**

**Representatives on the Advisory Committee of the Royal
Institute of Science in Bombay.**

Mr. Kapilram H. Vakil.

**Representative on the Local Advisory Committees of
Railways.**

G. I. P. Railway :—

The Hon. Sir Phiroze, C. Sethna C. B. E.

B. B. & C. I. Railway :—

Sir Parshotamdas Thakurdas Kt. M. L. A.

**Chamber's representative on the Executive Committee
of Sir Leslie Wilson Hospital Fund.**

The Hon. Sir Phiroze C. Sethna, O. B. E.

**Chamber's representatives on the Panel of the Railway
Rates Advisory Committee :—**

1. Sir Purshottamdas Thakurdas C. I. E., M. B. E., M. L. A.
 2. The Hon'ble Sir Manmohandas Ramji.
 3. The Hon'ble Sir Phiroze C. Sethna, O. B. E.
 4. Mr. Manu Subedar,
 5. Mr. K. H. Vakil.
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**Chamber's representative on the Governing Body
of the Mercantile Marine Training Ship
S.S. "Dufferin" :—**

Mr. M. A. Master.

MANAGING COMMITTEE FOR THE YEAR 1928.

1. H. P. Mody, Esq., (President.)
2. Laxmidas Rowjee Tairsee, Esq., (Vice-President)
3. Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E., M. L. A.
4. Lalji Naranji, Esq., M. L. C.
5. Walchand Hirachand, Esq., C. I. E.
6. Fazal Ibrahim Rahimtoola, Esq., M. L. A.
7. The Hon'ble Sir Phiroze C. Sethna, Kt., O. B. E.
8. Vithaldas Damodar Govindji, Esq.
9. B. F. Madon, Esq.
10. Jehangir B. Petit, Esq., M. L. C.

11. The Hon'ble Mr. Rattansi D. Morarji.
12. Husseinbhoj Abdullabhoj Lalji, Esq., M. L. C.
13. Iswardas Lakshmidas, Esq., J.P.
14. Jamnadas Harakhji Sanghvi, Esq.,
15. Rustomji P. Masani, Esq.
16. Manharlal Vrajdass Merchant, Esq.
17. Rao Saheb Harjivan Valji.
18. Morarji Mulraj Khatau, Esq.
19. Mavji Govindji Sheth, Esq.
20. Vithalदा Kanji, Esq.
21. Capt. S. A. Paymaster, I.M.S. (Retd.)
22. Hiralal Maganlal Desai, Esq.
23. Abdulla Fazulbhoj, Esq.
24. Ebrahim Gulamhussein Currimbhoj, Esq.
25. Kaikobad Cowasjee Dinshaw Adenwalla, Esq.

Co-opted Members.

26. Sir Ibrahim Rahimtoola, K.C.S.I., O.I.E.
27. Manu Subedar, Esq.
28. Devidas Madhowji Thackersey, Esq.
29. The Grain Merchants' Association, (Mr. Ghelabhai Hansraj.
30. The Bombay Shroff Association (Mr. H. D. Jasani.)
31. The Bombay Glass Bangles Merchants' Association (Mr. N. M. Pohowalla.)
32. The Maharashtra Chamber of Commerce (Mr. M. L. Dahanukar.)
33. The Bombay Bullion Exchange, Ltd. (Mr. Chunilal B. Mehta)

Ex-officio-Members :—

34. The Hon'ble Sir Munmohandas Ramji, Kt.
35. Mathuradas Canji Matani, Esq.
36. Kiondas Munmohandas Ramji, Esq.
37. Sir Shapurji B. Billimoria, Kt., M. B. E.
38. Mansukhlal A. Master, Esq.
39. Kapilram H. Vakil, Esq.

THE INDIAN MERCHANTS' CHAMBER.

List of Magazines, Journals and periodicals received in the Library of the Chamber.

Quarterly.

1. Empire Cotton Growing Review.
2. British Export Register.
- *3. Hibberts Journal.
- *4. Vishva Bharati.
5. Swedish Economic Review.
6. Journal of the Bengal National Chamber of Commerce.
7. Journal of the Aberdeen Chamber of Commerce.

Monthly

- o1. Nation's Business (U.S. A.)
- o2. International Labour Review.
- o3. Monthly Record of Migration.
- o4. International Review of Agricultural Economics.
- o5. International Review of Science and Practice of Agriculture
6. Labour Gazette.
7. Monthly Summary of the Proceedings of the League of Nations.
8. International Conciliation.
9. Bombay Cooperative News.
- o10. Modern Review.
- o11. Harper's Magazine.
- o12. National Geographical Magazine.
- o13. Commercial India.
- o14. Mercantile Guardian.

15. Engineering-Progress.
16. Volunteer.
17. Uebersee Post.
18. Telegraph Review.
19. American Exporter.
20. German Exporter.
21. British Industries.
22. Sea-Borne Trade Returns of British India.
23. Monthly Cotton Spinning and Weaving Returns for Indian Mills.
24. Monthly Summary of Foreign Commerce of United States of America.
25. East and West Trade Developer.
26. Monthly Journal of the Manchester Chamber of Commerce.
27. Ditto, Liverpool Chamber of Commerce.
28. Ditto, Bradford Chamber of Commerce.
29. Ditto, Nottingham Chamber of Commerce.
30. Northamptonshire Journal of Commerce.

Weekly.

- *1. Economist.
- *2. Statist.
- *3. Times' Trade and Engineering Supplement.
- *4. Manchester Guardian Commercial.
- *5. Board of Trade Journal.
6. Indian Trade Journal.
7. Commerce Report (U.S.A.)
8. Capital
9. Commerce.
- *10. Industrial and Labour Information.
- *11. Bombay Market Report.
12. Bombay Government Gazette. (Parts I to V).

13. Gazette of India (Pts. I to V.)
14. London Chamber of Commerce Journal,
15. Nation (U. S. A.)
16. Spectator,
17. Young India,

Occasionally.

1. Legislative Assembly Debates,
2. Council of States Debates,
3. Bombay Legislative Council Debates,
4. Bengal Legislative Council Debates,
5. Burma Legislative Council Debates,
6. Panjab Legislative Council Debates,
7. Central Provinces Legislative Council Debates.

GUJARATI PERIODICALS.

Monthly.

1. Sahitya,
2. Gujarat,
3. Navchetan,
4. Buddhi Prakash,
5. Gnan Prakash,
6. Khetiwadi Vignan,
7. Vaidya Kalpataru,
8. Bhagyodaya,
9. Gnan Vardhak & Masik Mitra,
10. Digamber Jain,
- *1. Navjeevan,
- *2. Saurashtra,
- *3. Gujarati,
4. Gujarati Punch.

*Periodicals marked with an Asteric subscribed for
by the Chamber,*

The Twentieth Annual Ordinary General Meeting of the Chamber was held at the office of the Chamber on Saturday, the 28th January 1928, at 3 P. M. (S. T.) to transact the following business :—

- (1) To receive the report of the retiring Committee and the Audited Statement of Accounts for the year 1927 ;
- (2) To record the declaration of the results of the election of the Committee for 1928 ;
- (3) To appoint Auditors for ensuing year.

Mr. Walchand Hirachand, the retiring President of the Chamber was in the Chair.

The following members were present :—

Sir Shapurji B. Billimoria, Kt., O. B. E. (Vice-President), Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E., M. L. A., Messrs : L. R. Tairsee, Vithaldas D. Govindji, B. F. Madon, Ishwardas Lakshmidas, M. V. Merchant, Kapilram H. Vakil, Abdulla Fazalbhoy, Kaikobad Cowasji Dinshaw, H. D. Jasani, Ghelabhai Hansraj, Kisondas M. Ramji, Mathuradas Canji Matani, Dwarkadas V. Vakil, P. D. Chowna, Sankalchand G. Shah, Sarabhai Prataprai, Ratilal M. Nanavaty, Laxmidas Purshotam, K. V. Merchant, Vallabhdas Ranohhoddas, Behram N. Karanjia, Jivandas Pitamber, Morarji Hemraj, Dhirajlal C. Modi Jamnadas H. Sanghvi, R. M. Gandhi, H. M. Desai, Damodar Govindji, Sohrab F. Bbarucha, Ratanchand Hirachand, Harjivan Valji, Dayaram Sadhumal, Gopalji Ruttonsey, Vasanji, Naranji, Jagjivandas Gordhandas, J. A. Gandhi, N. M. Pohowalla, M. A. J. Noble, Motilal Bawalal, Gocouldas Jivraj, Karamchand Chunilal, Mathuradas Haribhai, Baldeodas Dalsukharam and B. M. Bhargav.

**Speech of Mr. Walchand Hirachand C. I. E., the
retiring President in moving the adoption of the 20th
Annual Report of the Chamber.**

Gentlemen,

I have great pleasure in proposing the adoption of the 20th Annual Report of this Chamber. The official year of the Chamber which has just closed did not prove to be a happy one for Indian trade and industries. For years, business Prophets are prophesying that the corner would be turned shortly with regard to trade and industries but the prophesies have not yet proved true. Not only were we thus denied the fulfilment of our hopes and expectations regarding better times but the Government of the country, as is not unusual with them instead of helping put impediments in the path of the business community and with regard to two matters specially dealt a blow to the prosperity of the country, from which it will take some time to recover. While I addressed you last year at about this time, I referred to the momentous event which was impending then, viz, the decision with regard to the fixation of the exchange. The decision went against the vital interests of the country and no amount of whitewashing can absolve either the Legislative Assembly or the Government of India from the responsibility for the great wrong they committed towards this country.

As you are all aware, the ratio has now been fixed by law at 1s. 6d. and you also know that Government claim that this ratio was justified and that it would be disastrous to think of going back to 1s. 4d., because conditions in India had nearly adjusted themselves to the 18d. ratio. How unfounded this claim was has been abundantly proved by the very fact that Government was compelled to revert to further enormous deflation even after the passage of the Currency Act and you will appreciate the enormity of it when I tell you that it amounted to over Rs. 41 crores since 1st April 1926 and that Sir Basil Blackett had himself thought of Rs. 25 crores to be an outside figure. In spite of it all Government found it very difficult to bring the rate up to 1s. 6d. and had to revert to various tactics as a result of which we are here today at our 1s. 6d. and the ratio seems to be established for the time being, but it has all meant

an enormous cost to the country. If we look at the figures of imports and exports for the last seven years since 1921, we shall find that there was a tendency for exports to further expand while imports also expanded to some extent, but in the last three years the tendency has been reversed and exports show a diminution while imports show actually some gain. This bears out the charge that the 18d. ratio was more in the interests of foreign manufacturers and not in the interests of producers of this country. I would also draw your attention to the figures of registration of joint stock companies in India in the past five years. They are respectively 24, 26, 21, 30 and 19 crores and represent 51, 40, 31, 45, and 29 per cent of the figure for the prewar year 1913-14. This will show you that the Government's currency and Exchange policy has succeeded in destroying all enterprise in this country and it is due to this that we hear so many complaints on all hands of trade depression and unemployment. One of the most deplorable consequences of the 18d ratio has been its effect on our premier national industry, I mean the cotton spinning and a weaving industry. This Chamber had repeatedly pointed out that the effects of a higher ratio would be disastrous to Indian industries, but Government has forced the ratio upon us inspite of it all and for the last three years we have been faced with liquidations every now and then of cotton mills employing thousands of people. Their representatives like Sir Victor Sasson fought for the 16d. ratio and pointed out that otherwise wages would have to be cut down, but the advocates of Government policy told us that it was all interested talk by capitalists in order to fill their own pockets. The most regrettable part of it was that labour leaders supported this disastrous policy of Government and it was some of their votes that helped to carry out the 18d ratio. But what do we find today? The cotton mills are compelled to reduce their cost of production, if not by actually cutting down wages, then by trying to get more work out of the same men and this effort has resulted in another bitter fight between capital and labour in which more than 20,000 men were on strike. All this is a direct consequence of the 18d ratio and the responsibility for all the misery and starvation of thousands of mill hands and many thousands more of their dependants will lie at the door of Government and all those who have supported it in its disastrous policy.

While on this subject I take the opportunity of recording our emphatic protest against the continued manipulations of our currency that still goes on. Currency was contracted against sterling securities as well as against *ad hoc* securities even after the passing of the Currency Act 1927 which provided all the machinery necessary for automatic contraction or expansion to meet the requirement of the public. Recently currency has been expanded against deposit of sterling securities and also against *ad hoc* securities. I am unable to see what provisions of the Currency Act permit expansion of currency in these objectionable ways when expansion against tender of Gold to the Currency Treasury is available. Before the Currency Act of 1927 came into force such expansion was not possible as there was no legal ratio at which the Controller of Currency could issue Notes against gold until the rupee could reach the fantastic figure of 2sh gold, and manipulation by the Government had some excuse on the ground that they had to meet the requirements of trade. Today they have no such excuse, and therefore, their recent action deserves strong condemnation as it not only leaves the door wide open to abuses of inflation but also prevents gold from flowing into our Currency Reserves as it probably would have done ere this but for the unwarranted interference with the automatic working of the Currency Act of 1927.

Agriculture on which 72 p.c. of our population depends as a business is suffering from the Ratio muddle of Government much more than our manufacturing industries. In the case of Agriculture generally 90 p. c. of the cost of production is composed of wages these have not gone down nor were intended to go down by Government advocates of 18d. ratio. The result therefore has been that while for all his money crops like cotton, oil seeds etc., which are exported and which are governed by sterling prices the Indian agriculturist gets 12½ p.c. less owing to this 18d. ratio his cost of production remains almost where it was the result being a less to the agriculturist of 12½ p.c. on his produce. If instead of a 16 lacks Royal Agricultural commission embodying its proceedings in 12 Volumes of 5,000 pages, the Government had only changed the ratio to 16d. the agriculturist would have felt more thankful to the

Government. Take a concrete case of an average agriculturist owing say one survey number of 15 dry acre where he is toiling with his 2 or 3 family members and a pair of bullocks with normal rainfall he gets about 4 Khandies which would have given him 375 Rs with 1-4 exchange as against 333 Rs.- 5 as, 4 pies at 1-6 a clear annual loss of 41 Rs, as. 8 pies to that one family. It cannot be denied that agriculture is suffering and if agriculture suffers all local manufacturers and trade suffer as the country's buying power is reduced.

Next in order of importance to this currency and exchange question, I would put the present adverse position of the Textile Industry. I need not trouble you with a history of all that has passed during the last two years with regard to this industry, for all that is a matter of common knowledge. What we are concerned with is depression and slackness in that industry. You will not consider me a pessimist, I hope, if I tell you that not only do I not see any signs of removal of the depression which has been obsessing the industry for sometime past, but I see a thickening of the clouds, showing that the remedies applied by the Government of India, in such a halfhearted manner have not proved efficacious, as they were never expected to be at least by your Committee. In fact I may go further and say that the situation is reaching a critical stage and will, it is feared, be such as has rarely been witnessed before in the history of the Textile Industry in Bombay. Just before the present strike began about 7,000 looms and 7½ lakhs of spindles were already closed down. Seven more mills have gone into liquidation and not only this but a great many more mills would have shared a similar fate had it not been for the courageous support of the Agents who own large groups of mills. Last year the Industry got a fair breathing time owing to Mills having cheaper cotton but under the present conditions it appears to be unlikely that even half a dozen mills will be able to make profits if things are allowed to drift as they are. A reduction in wages will not help the Bombay Mills. I do not think that the expedient being tried by some of the mills of getting more work from the men is in any way a serious solution of the problem as the benefit, if at all, will not be more than

3%, on salaries account. A heavy blow was dealt to the industry by the currency legislation passed last year as I have already mentioned in a previous para and it rests with those people who sponsored that legislation, whether as members of the Government or as the protagonists of labour and consuming classes to find a way out of the impasse in which their shortsighted action has placed the industry. With a handicap of 12½ % against its foreign competitors, with the capacity of the country to purchase seriously crippled through the reduction in export, with the insufficient and scanty protection doled out by Government, it is not surprising if the industry feels itself in a bad hole and it is a question which the Gods alone will be able to solve as to how it will be able to save itself from this quandary. The textile industry is the basic source of the prosperity of the Bombay Presidency and I may say of the whole country. The financial and currency Pundits, some of whom were credited with European reputation have found all their prophecies and soothsayings falsified and yet have not a word of contrition for all that they brought upon the country through their foolhardiness and their placing interests other than Indian above everything with regard to their policy and preachings. To my mind the Millowners and the Indian Chambers should agitate for a substantial increase in import duty on textiles. I see in this the only solution for the ills of the Textile Industry. It also should turn its attention to the spinning of higher counts and production of finer cloths.

The next question of importance with which I would like to deal in my speech this evening is the Reserve Bank Bill. With regard to this question also, its history is one of broken promises and pledges and a surrender to the financial interests of Great Britain and the Secretary of State for India, who, himself, is again ruled by the former. Your Committee protested in the strongest terms against the withdrawal of the Bill from the Legislative Assembly so very unceremoniously just when it was in the most critical stage. This withdrawal and the hurrying up of the Hon'ble Finance Member to London to discuss personally with the Secretary of State all the pros and cons of the Bill led one of our ablest commercial men, Sir Ibrahim Rahimtoola to compare the Government of India with an over-

seas factory manager who would be called up to head quarters to explain his conduct and to discuss questions of financial administration concerning that factory. It is a position of humiliation which no self-respecting Indians can look upon with equanimity. It becomes still more acute when one sees the result of this hurried visit to London, which is the issuing of a new Bill which is merely a rehash of the old repeating almost all the old formulæ which were discarded by the joint Committee and the Assembly.

The shareholder's scheme is again revived and the bogey is again trotted forward that the Bank will end in a disastrous failure if there is the least political influence anywhere near it. This is made to justify the rigid exclusion of members of Legislature from its Board of Directors. The proposed Bank is as a matter of fact the creation of political influence, for behind it there is the idea of keeping British interests dominant, preventing import of gold into this country and utilising the credit machinery for objects other than the good of the country. To fight such a political influence which is adverse to this country, we must have independent members of the Legislature on the Board of Directors and the Bank must be responsible to the Legislature. It is a myth to say that the Bank as conceived in the Bill will be entirely independent of Government control. It will be on the contrary fully amenable to Government control and it is because of that that your Committee sent a telegram to the Government, of India protesting against the proposed form of the Reserve Bank. May I express a hope, that the Assembly will rise to the occasion and either have a State Bank or reject the entire Bill and not truckle to the wishes of Government as they did last year with regard to the currency and exchange question?

If the Legislatures can be trusted with the very lives of 300 million people of the country with their industrial, economic, social, religious, physical and agricultural development, and with the 800 crores of Railway investment, why on earth cannot they be trusted with this one phase of the economic branch? I fail to understand how this branch can be better managed by a set of shareholders' representatives, many of whom will not be business-

men and whose only interest and responsibility will be to ensure a regular and a safe dividend to themselves. The country has chosen with open eyes its Legislatures. Let us trust them and leave things to them we might add a bigger percentage of Indian business-men either in the Legislature or in this constitution of the Reserve Bank but we cannot put a ban upon legislators qua legislators.

Much has been said and written to focus the attention of the Government of India upon the question of shipping which is of immense economic importance. The participation of Nation ship in the coastal and overseas trade of a country has been accepted as *sine qua non* of commercial Swaraj throughout the world, and the apathy of the Government of India to this question is to be regretted deeply. Since the last War the question of National Shipping has drawn so much attention in all the maritime countries that one studying the subject cannot but be struck by the manifold ways in which the national Governments have attempted, and successfully attempted, to build up a National Merchant fleet. Not merely is the indigenous fleet given the benefit of coastal reservation but large measures of Government support direct and indirect have been taken in order to strengthen its position in foreign trade. The result of this activity are manifest even in our own overseas trade, in which unfortunately the share of Indian ships is barely one percent. Germany which was practically without a merchant fleet on the signing of the treaty of Versailles has now almost regained its pre-war position in the Indian trade. The share of Italian shipping in our overseas trade has recently grown to large dimensions. This is due mainly to the fostering care of the Fascist regime which in building up a powerful navy is not unmindful of the necessary growth of its Mercantile Marine. On the other hand we have the Government of India trying to force the so-called Indian Navy on this country while doing nothing to encourage the National Merchant navy. The Indian interests of the United States of America which has been following a forward National policy in shipping have developed so far that it has led them to make decisive attempts to gain a footing in the carriage of jute from Calcutta,

These few examples will illustrate the keenness with which modern countries are proceeding with the necessary measures to effect a rapid growth of their overseas shipping. The huge sums of money spent in the realisation of that aim indicate the seriousness with which this particular problem is tackled. The Faacist Government of Italy has spent in financial assistance alone 30 crores of Lires during the year 1926 for the developemnt of national shipping and ship-bulding. As a result Italy's merchant fleet in Europe today is second only to that of England which is in ship-building matters, as we are all aware, far ahead of any other country in the world. Millions of Marks and Dollars have been spent in Germany and United States of America to equip them with adequate merchant ships. It is high time, therefore, that the Government of India woke up to the necessity of taking immediate steps to obtain for Indian shipping her legitimate share in the carriage of her immense overseas trade.

The question of the purchase of stores remain unfortunately as still far from solution as ever. No doubt the Hon'ble Sir B. N. Mitra explained so far back as February 1926 in the Assembly and in April of the same year in his interview with your Committee how the adoption of an indisorimante system of Rupee Tenders might result in an undue sacrifices of economy and undue risk of unsasisfactory quality. The slow pace at which he wanted to go forward with regard to this question may be understood but even appreciating that, I would venture to contend that the period of four years may well be deemed sufficient experience of the system as is being worked by them now and the rules which are inforce at present. The set of rules prepared by your Committee had got one defect according to Sir B N Mitra, which was that they were based on the question of Rupee Tenders. If the Government are at all serious with regard to this question of local purchases they must adopt the system of Rupee Tenders and rules suggested by your Committee. So long as this is not done, the whole system of the purchase of stores is a mere camouflage and an eye-wash. Unless the system of Rupee Tenders is adopted the High Commissioner for India will continue to place orders with British Manufacturers and to some small extent with

Continental manufacturers. The High Commissioner in his last report from Great Britain expected congratulations for his Department on the reduction in purchases from Great Britain from 82.572% to 76.73%. Even then there remains the heavy total of 7,087,131 pounds sterling worth of purchases from Great Britain. It is interesting to note that even while the percentage of total value of British stores purchased has been reduced from 82 to 76% in four years beginning with 1923-24, the total amount of purchases has increased from about three million sterling in 1923-24 to seven million eighty-seven thousand sterling in 1926-27. What we are concerned with is the reduction in our total purchases from Great Britain and the Continent. The Times of India was wroth with Sir Atul Chatterjee even for the reduction of the percentage from 82 to 76 ignoring the fact the value of total purchases made in Great Britain had practically increased about 250% in four years. It only goes to show what the late Sir William Meyer said in his evidence before the Railway Committee that the City financial and industrial interests were too powerful for any Commissioner to be able to place his orders outside the United Kingdom and goes to strengthen the contention of your Committee that no proper solution of this question of the purchase of stores will be found till the policy of Rupee Tenders to be received and opened in India for goods to be delivered in India is adopted.

You must be knowing that your Committee has instituted a scheme of commercial examinations last October. They have been considering this question since the last four years and were able to inaugurate it in October last, when the response was found to be quite satisfactory. Our examinations will do away the necessity of our young men having to appear at examinations of foreign institutions like the London Chamber of Commerce and the standard of our examinations is kept so high that our business people who may like to employ young men on their staff may well consider that those holding our diplomas or certificates are genuine stuff. It required a good deal of spade work to initiate the whole scheme and to launch it with success. There were four centres and 76 candidates in all for the last examinations. In the preparation of all the different rules and regulations which was of necessity very

minute and detailed, the staff of the Federation has rendered very valuable service and for this I must express my thanks to them.

As I observed at the 3rd quarterly meeting of the Chamber, it has been able to prove of great assistance in the relief of the Flood disaster in Gujarat, and in Sind. The office of the Chamber was placed at the disposal of the Flood Relief Committee and also the services of the Secretary and practically the whole staff. I must express my thanks to the staff for having taken up this work in addition to their usual duties.

In conclusion I must express my deep obligations to my colleagues on the Committee and to you all for the ever-ready and kind co-operation which was extended to me in the discharge of my duties a co-operation without which my work would have been impossible. Such a co-operation is specially to be appreciated as the activities of the Chamber have increased immensely. You must have seen from the report of the Committee submitted to you that there were 51 meetings held up to 31st December. Adding to this number the five meetings held up to this week, the total number of meetings held up till now was 56 which I may say is almost unprecedented. Over and above this there were 90 meetings of the various sub-committees and special conferences held during the course of the year.

Gentlemen, I take this opportunity to make special reference to the services of our Secretary, Mr. J. K. Mehta, who as you all know identifies himself with his work and takes great pains to enhance the utility of this Chamber. In him I have found a sincere unassuming and hardworking Secretary. Throughout my period of office, Mr. Mehta has been an invaluable help to me. I cannot conclude my remarks without referring to the services rendered by Mr. Mehta as the working Honorary Secretary of the Bombay Central Flood Relief Committee. You all know what a formidable task it was that faced the Central Flood Relief Committee. The situation demanded strenuous efforts and serious attention on the part of Mr. Mehta, who, I am glad, discharged the trust reposed in him so creditably in spite of onerous duties as the Secretary of our Chamber. Another sphere of

his activities to which I should like to refer and which has a direct bearing on the development of Indian trade and commerce, in this country is the Federation of Indian Chambers of Commerce, of which he is the Honorary Secretary. By his untiring efforts during the first year of its existence, the Federation has become the organisation representing all Indian commercial interests in the country and the Chamber can very well pride itself in having as its Secretary Mr. Mehta who was instrumental in organising a Central body like the Federation in the best interests of Indian trade and commerce.

With these words, gentlemen, I propose the adoption of the Report,

Before I close, I should like to congratulate Mr. K. F. Nariman on the result of the defamation case against him. Your Committee have been taking great interest on the working of the Development Department from the very beginning and have time after time protested against the method and manner of its working. It was a matter of deepest regret that the Government of Bombay sanctioned the defamation proceedings against Mr. Nariman as it was tantamount to putting restrictions upon the freedom of speech before any investigating Committee or Commission. The proceedings against Mr. Nariman have however proved of value in this that a full exposure has been made of the Development Department an exposure which was not even made by the Mears Committee. The Community as a whole is indebted to Mr. Nariman for the public spirit with which he has fought the issue and you will all join me in congratulating him.

The appointment of the Mears' Committee was brought about through the efforts of your Committee who may feel happy that they have been proved right in this as in several other important questions. Your new Committee will have to consider what steps to take to protect witnesses giving evidence before public Committees,

**Speech of Sir Shapurji B. Billimoria Kt,
the newly elected President of the Chamber,
in Seconding the report.**

MR. PRESIDENT AND GENTLEMEN,

I have great pleasure in seconding the proposal put forward by the President for the adoption of the Report of Committee for the year 1927. I should like first to refer to an unfortunate misunderstanding which a short while ago existed between myself and a few friends in the Chamber. I refer to it only to express my appreciation of the trust you have reposed in me by unanimously electing me President for the new year, a trust which signifies the removal of that misunderstanding. I am grateful to you all for bestowing on me the highest gift which lies in your power and wish to assure you that I shall at all times endeavour to act up to the best traditions of the chair. Another point I should like to make clear is this. I hold, as you know, strong opinions on the commercial questions of the hour. But I hold equally strongly that it is the duty of the President and Officers of this Chamber during their terms of office to subordinate their individual opinions to the views of the members as a whole. So long therefore as I fill this responsible position I shall, I assure you, put my own personal views in the background, and strive to express, to the best of my ability, the matured opinions of the general body of the members. One other matter, I venture to offer a few remarks on the issues before us. I desire to express my regret at the fact that the conduct of affairs of the Chamber will be in my hands only for two months as I am proceeding to Europe for the education of my children and for reasons of health. You will, therefore, soon have to elect some one else as President, as under our rules I must resign if I am absent from India for more than a month.

The retiring President has dealt with the principal topics which occupied the attention of the Committee during the year. I may however be permitted to dwell more closely on topics which interest the Chamber generally and which are likely to come up for consideration by your Committee. The Committee have, as usual, pressed on the

Government the necessity of bringing forward at an early date legislation to regulate insurance practice. Banking, shipping and insurance these are corner stones of modern commerce and industrialism and your Committee wisely devote special attention every year to these important topics. For some years your Committee has realised the necessity for improved Insurance legislation. The Committee desired figures showing the premium income of foreign insurance companies working in the country, an information which is important from the point of view of Indian Insurance Companies and even Indian Business. They were informed that changes in the law were necessary to secure this information and that Government were contemplating amendments in the act for the purpose. More than two years have past, and yet the contemplated legislation is in abeyance. With further study of insurance questions in the country, the Government came to realise that no tinkering here and there with the insurance legislation as it stood would achieve the object in view, and that a comprehensive revision of the Insurance Law would be required to provide, not only for all branches of insurances but for the remedies and safeguards necessary if Indian insurance was to be placed on a satisfactory and unassailable footing. The British Board of Trade appointed a Committee in 1924, under the Chairmanship of Mr. Clauson, to enquire into and report on the amendments desirable in the Assurance Companies Act of 1909. The Committee interpreted their function in a broad and comprehensive manner and though it took them more than two years and a half to submit their report, it bears traces of a close study of the question. The Report was accompanied as is usually the case, by a draft Bill complete with a schedule etc. The Government of India, whilst waiting for the issue of this Report and draft Bill, did not postpone the idea of drafting legislation for Indian insurance until publication of the British scheme. An Insurance Bill was introduced by the Hon'ble Sir Charles Innes and circulated for commercial opinion; important constructive criticism was sent from this Chamber as well as from other organisations. Another private bill was also introduced and it was thought at the time that a Select Committee would be appointed to examine both Bills. They however,

remained unconsidered with the result that they lapsed. Committee pressed the Hon'ble Sir George Rainey, Member for Commerce, at his visit in April last, to bring forward insurance legislation at an early date and his reply was sympathetic. That Sir George Rainey has not lost sight of his promise is seen by the fact that a few months back in a D. O. to the then President of the Chamber he explained the delay on the part of the Government in the introduction of this much needed legislation and gave an assurance that the Bill would most probably be introduced at the forthcoming Delhi session. The wheels of Government are proverbially slow and in this case they have been perhaps too slow but let us hope that the comprehensive character of the measure to safeguard and develop the Indian Insurance business will amply compensate for this long waiting. The object of such a Bill must be three fold, (a) to develop all forms of insurance on right and rational lines ; (b) to protect the policy holders against wiles and frauds which a highly developed commerce and industrialism brings in its train; and (c) to safeguard the indigenous insurance business from the competition of powerful foreign insurance companies. It is hoped that these three objects will be achieved by the legislation proposed.

The retiring President has dealt with the Textile Industry. I, however, cannot resist the temptation to discuss it, not only because this industry is the pivot of the prosperity of Bombay but also because personally I have been so intimately connected with its ups and downs for many years. Any one who has studied the history of the industry must agree with the remark made by Mahatma Gandhi, that the Textile Industry has been the vital organ of India, to strike which, is to strike at the heart of the country. In fact in modern parlance it is a key industry and the truth of this was vividly seen at the time of the Great War in the efforts of Government to satisfy their military clothing requirements from this country. The Textile Industry at the time rose fully to the occasion and if I may say so it played a part second to none in winning the war for the Empire. I am not speaking of the money help which the Bombay Capitalists gave to the Government. I speak of the immense supply of piecegoods which the Textile Industry produced for the equipment of the Indian Army by

working at full pressure. So intensive was the production that when the war closed the Government had a sufficient stock of piecegoods to last for five years, even if the war had gone on for another quinquennium and no further purchases had been made. Unfortunately, human memory is rather short and with the lapse of a decade the service rendered by the Cotton Textile Industry appears to fade into dimness and insignificance. For no other reason can one explain the apparent indifference with which Government have contemplated the anguish of this once vigorous industry. I have no intention of being unfair to Government. I recognise the efforts made by His Excellency Lord Irwin to bring about a solution of the problem in a manner suited to the interests of the industry. They were at least a step in advance of the Press Note published by the Commerce Department. Even this step, however, has not solved the problem of the industry which is still seen fighting against heavy odds. To my mind, the least the Government can do is to follow the lines of the majority report of the Tariff Board.

Gentlemen, both your Chamber and the Bombay Chamber of Commerce have this year appreciated the importance of the Accountancy Profession and honoured it by simultaneously electing members of this profession as Presidents for the New Year. The Manchester and London Chambers of Commerce, two of the biggest Chambers of the Empire, have had an accountant as President in the past years. Unfortunately the same recognition does not appear to be given to it by different Government and semi Government departments which are still obsessed by the idea that foreign examinations like the Chartered Accountants or Incorporated Accountants are superior to the examinations now held in this country. Accountancy is one of the professions in which Indian talent has shown itself at its best and the annals of Government Departments show that Indians have risen to the highest rung of the ladder with their brilliant proficiency in Accountancy. The Hon'ble Sir B. N. Mitra, the present Government of India Member for Industries and Labour, who was also recently Ag. Finance Member, I may say the first

Indian Finance Member of the Government of India, is a living instance in as much as by merit and abilities he has risen to this high position from an accounts clerk. There has been a galaxy of Accountant Generals all shining lights in their profession. I refer to this to show that there can be no excuse whatsoever in preferring men of foreign qualifications to men of indigenous qualifications when they are available. We have now a qualifying examination for the profession, I mean the G. D. A. examination, which in point of stiffness and the quality of the papers set up is superior to the much coveted Chartered Accountants' Examination. It is regrettable to note that despite all this, quasi public bodies like the Calcutta Port Trust have been advertising for Accountants in foreign countries to the detriment and neglect of indigenous talent. A recent report issued by Sir Lowes Dickinson unfortunately attempted to belittle the value of Indian Accountants and tried in an indirect manner to favour foreign talents for employment here in preference to our own people. This may be said to be in contradiction to the spirit of the report of the Lee Commission. I would therefore urge that Government should bring forward as early as possible their promised legislation creating an Institute of Public Accountants which will guide and regulate the profession of Accountants and Auditors in this country. I hope that the Government will be pleased to issue orders that all salaried accountancy posts, whether in Government or in semi-government departments, should be reserved, where efficiency is not impaired, for the sons of the soil.

I shall refer with your permission to another branch of studies which has also received scant recognition from Government as well as I fear from some of our own people. I mean technical and commercial studies. The Victoria Jubilee Institute and the Sydenham College of Commerce as well as several private colleges of commerce are giving a training and education which may be considered as good as, if not superior to, that imparted at similar institutes in foreign countries, and yet we have got such a penchant for foreign degrees that men with foreign qualifications are preferred to the men who have local degrees and diplomas. The admission to an institute like the Technical Institute is also being made more and more rigid

with the result that technical education is coming to be recognised as a thing for the selected few instead of for the democratic many. We are moving in a vicious circle by making admission to such Institutions exclusive, selecting candidates with foreign degrees, and then complaining that good men are not coming forward for the higher posts in railway workshops and other professions which require a good deal of mechanical engineering skill. As with Accountancy, so with men with Technical qualifications obtained locally or commercial degrees and diplomas obtained locally, I would urge both the Government and the private employers to give preference to indigenous talent if we are to advance or make headway materially. You must have noted with pleasure the step taken by our Chamber tuting a Commercial Diploma which will obviate the necessity of our young men having to appear at examinations instituted by examining boards thousands of miles away.

Before I close I should like to refer to the manner in which Government have been treating the reports of the Commissions and Committees appointed by them. These reports are secreted in pigeon holes and few of the recommendations take practical shapes. Sometimes it is not the majority but the minority report which appears to find favour with the authorities. This treatment of their own Commissions and Committees by Government has induced a want of trust and confidence on the part of the people in such bodies.

This fate has befallen the report of the Sandhurst Committee which though practically unanimous has been shelved. May I urge that the Government of India should appreciate the spirit of the times and henceforward either not appoint Commissions and Committees or if they have to be established select a majority of Indian members where Indian interest are affected and make a genuine attempt to secure the ratification of their recommendations by the legislature with the official support.

You are all aware that changes in English Companies Act, which are embodied in the Companies Bill now before Parliament are pending following the report of the Company Law Amendment

Committee appointed by the President of the Board of Trade. Though our Indian Companies Act is a bit more advanced in certain respects than the existing English Act, the time is now ripe for an appointment of a Committee to consider and report on the amendments desirable in the Act of 1913. The recent Trade upheaval, followed by heavy depression, has taught us serious lessons with regard to company management. Many of the Companies that were floated in the boom have either come to grief or reduced their Capital. That there should be greater control by the shareholders over the management and the directorate is not denied. Over the liquidations of companies, a greater control by the creditors, is more desirable, specially when the creditors have no chance of getting their dues in full. In England, which is far more advanced in matters of company management, an Accountant, is usually appointed a liquidator, a practice found to be more efficient in protecting the interests of all parties concerned, whereas we are slow in this country to benefit by such experience.

We are all aware of the form of the Balance Sheet prescribed under the Indian Companies Act as what is called Form F. Whether a standardised Balance Sheet is desirable or not, is a point on which many accountants widely differ; but if the standardised form is to be maintained, any technical defects in the present form must be remedied and changes made to meet all requirements. Moreover, if a standard form is to be maintained, it should be equally applicable to all foreign companies trading in India. Foreign Banks and Companies do not disclose all the particulars required of companies registered in India and which are thus placed at a comparative disadvantage. I am indeed pleased to find that the shareholders are now getting alive to their interests and attend Meetings in large numbers when the management render an account of their stewardship for the preceding year. While their interest is all to the good, I must say that the prejudicing of honest concerns by a malicious or unwarranted attacks, is neither desirable nor conducive to the interest of the general body of shareholders. Healthy criticism is desirable and since the meetings of shareholders alone afford an opportunity of enquiring into the affairs of the Company, the management should,

as far as possible, be candid and take the shareholders into their confidence. At the same, time, shareholders should be careful to see that because of the activities of a mischievous element, their own interests are not adversely affected, so as to ruin the credit of such companies in the market and hamper progress or development.

Before I conclude, I should like to express my regret that the new Reserve Bank Bill, as drafted, has not met with the approval of the commercial community of India generally, since it has not been framed on the lines suggested by the Select Committee. Your Committee have insisted on the Reserve Bank being a State Bank. May I hope that the forthcoming Delhi Session will see an reapproachment between the Government and the Legislators and that the Law ushering in the Reserve Bank, will have the support of all the parties in the country.

In conclusion, let me thank you once again for electing me as President for the year and let me trust that I shall be able adequately to discharge the responsible duties of my office with the help and co-operation which you have always extended to your Presidents in past year.

REPORT OF THE COMMITTEE OF THE INDIAN MERCHANTS' CHAMBER

*for the year 1927 presented to the Annual
General Meeting of the Chamber
held on 28th January 1928.*

Your Committee have pleasure in presenting the Twentieth Annual Report of your Chamber. During the course of the year 51 meetings were held, the work done being of a varied and important nature.

The principal subjects dealt with by your Committee related to the following main heads :—

- (1) Railways and Shipping; (2) Currency, Exchange and Finance; (3) Government Stores Purchase Policy; (4) Tariffs and Taxation; (5) Public Enquiry Committees and Commissions; (6) Trade and Industrial Legislation, (7) General Trade and Industry; (8) Interviews with Government Officials (9) General.

(1) RAILWAYS AND SHIPPING.

(A) Railways :—

(1). Stoppage of Goods Traffic on Indore-Malwa Railway Line :—

The attention of the Committee was drawn to the stoppage of all goods traffic on the Indore-Malwa Railway by Railway authorities from time to time. As the practice caused considerable amount of inconvenience and loss to the commercial public, the Committee requested Seth Lalji Naranji in absence of Sir Purshottamdas Thakurdas to take up the matter in the local advisory Committee of the B. B. & C. I. Railway.

(2). Rates for Manganese Ore :—

The Government of Bombay forwarded to the Committee for their information and opinion a copy of their representation to the Railway Board on the question of disparity in railway freights on Manganese Ore despatched from stations in the Central Provinces to Bombay and to Calcutta respectively. The Committee in reply informed the Government that they realised that the Manganese trade was being diverted from Bombay to Calcutta, because of the difference in respect of railway freight. They further observed that the question of the railways under-cutting each other through what was known as ' block-rates ' was a long-standing one and was discussed several times even in the old Imperial Council. They suggested that either the Bombay Port Trust or the Government of Bombay should write to the Government of India, Department of Commerce, to refer to the Railway Rates Advisory Committee the question of high railway freight charged by the Bengal Nagpur Railway from Tumsar Road to Nagpur in order to attract the Manganese traffic to Calcutta.

The Committee were informed by the Government that their suggestion was passed on to the Bombay Port Trust as the matter vitally affected them.

(3). Deflection of Trade from Bombay owing to transfer of Delhi Umballa-Kalka Railway from East Indian Railway to the North Western Railway :—

The Agent of the B. B. & C. I. Railway enquired of the Committee whether they had any figures and statistics to show that owing to the above-mentioned transfer of D. U. K. Railway the trade of Bombay was deflected to other channels. The Committee in reply informed him that they had not got any figures to show the effect of the above transfer on the trade of Bombay.

(4). Freight on the N. W. Railway on the Second-hand Clothing :—

The opinion of the Committee was invited by the Buyer's

and Shippers' Chamber, Karachi on the question whether the second-hand clothing could be classified as waste cloth for the purposes of railway-freight classification. The Committee in reply opined that that could not be done.

(5). Terminal Station At Bellasis Road, Bombay.—

The B. B. & C. I. Railway, informed the Committee that Mr. C. W. Lloyd Jones had made a report to the effect that a new terminal station should be established at the Bellasis Road on the B. B. & C. I. Railway. The Railway Board had given consent to the same. The letter was recorded.

(6). Messrs. Maganbhai Amin & Co's letters re : Railway Risk Note forms and claim of one drum of oline oil against B. B. & C. I. Railway.

The attention of the Committee was drawn by the above-mentioned firm to the constant harassment of the Railway authorities in connection with terms of the Railway Risk Note forms to the merchants. The Railways were taking undue advantage of the unsatisfactory wording of the Risk Note forms and the Committee were requested to do the needful in the matter. The Committee requested their representatives on the local Advisory Committees of the G. I. P. and B. B. and C. I. Railways to take up the question.

As regards their claim of one drum of oline oil against B. B. and C. I. Railway, the Committee requested their representative on the local Advisory Committee of the Railway to enquire into the same and do the needful.

(7). Claim of Messrs. Maganbhai Amin and Co., against the B. B. and C. I. Railway for 13 drums of oline oil and 12 casks of vegetable tallow from Ahmedabad to Carnac Bunder :—

The Committee were requested by the above firm to do the needful in the above matter. They therefore asked their representative on the Local Advisory Committee of the Railway to take up the matter in the same. The Chairman at one of the meetings of the local Advisory Committee informed the Cham-

ber's representative that the General Traffic Manager, in view of the fact that the wagon in which that consignment got derailed in Ahmedabad Yard and in consequence of the derailment one of the drums was badly damaged and the contents leaked out on the floor of the wagon, had issued orders that the claim should be paid. This decision of the Railway authorities was duly communicated to the member concerned.

(8). Railway Risk-Note Form "A".

Recently the Committee had received a complaint from a member against the G. I. P. Railway authorities that they made unnecessary remarks on the Risk-Notes to protect the Railway. The matter was taken up by the Chamber's representative on the Local Advisory Committee of the G. I. P. Railway, when the Agent informed him that the merchants never complained to the Goods Superintendent at Wadi Bunder before they addressed the Committee of the Chamber on the subject. He proposed that it would simplify matters if in future such complaints were first addressed to the Goods Superintendent, so that the matter might be looked into departmentally. The Committee at their meeting held on 19th April 1927 discussed the question again and it was resolved to bring the matter to the notice of the commercial public. They also invited from merchants complaints if they did not receive any satisfactory reply from the Goods Superintendent and expressed their willingness to help them as far as it lay in their power. Some individual complaints were received in this connection, but the Committee thought that unless concrete cases were brought to their notice, nothing further could be done in the matter.

(9) Grievance of Surat merchants in connection with delivery of goods at that Station :—

The grievances of Surat merchants regarding (1) inspection of contents of consignments before taking delivery and (2) propriety of obtaining indemnity bonds from both the sender and the party ultimately taking delivery of consignments in certain cases were referred by the Committee to their representative on the B. B. and C. I. Railway Local Advisory Committee.

for being taken up there.

These subjects were discussed at the meeting of the Local Advisory Committee held on 26th May 1927, when the Chairman explained that the cause of the complaint no. (1) was due to a misunderstanding of the actual position. He assured the Committee that there was no intention to deprive bona fide consignees of the privilege they had hitherto enjoyed of being allowed to examine the contents of their consignments before taking delivery, but persons other than consignees were not allowed to inspect consignments with which they had no concern. With regard to item (2), it was explained that the necessity for obtaining indemnity bonds from both the parties applying for delivery arose only in cases of loss of railway receipts endorsed in favour of a third party in respect of consignments despatched by the sender to "self".

(10) Acceptance of Government Promissory Notes in lieu of deposits from Contractors by the G. I. P. Railway :—

The Committee at the request of a member asked their representative on the Local Advisory Committee of the G. I. P. Railway to take up the matter. The matter was subsequently discussed at one of the meetings of the Advisory Committee and it is understood that the Railway have agreed to accept the Government Promissory Notes in lieu of cash deposits from tendering contractors.

(11) Re-weighment of Coal at destination :—

The attention of the Committee was drawn by a member to the difficulties of Coal trade regarding the refusal of the railway authorities to get their consignment of coal at destination re-weighed. The matter was taken up by the Indian Mining Federation with the Railway Board and their decision is anxiously awaited.

(12) Reweighment of goods at destination :—

The attention of the Committee having been drawn to some ambiguities in some sections of the Indian Railways Act, 1890,

they wrote to the Railway Board pointing out that the underlying principle of the provisions of the Act was to afford every facility to the trade and commerce of the country for inter-communication between several parts. The Section 77 of the Act provided that under certain interpretation the Railway Company would be liable to return the overcharge to the person entitled to claim the same. The view that the Railway Companies seemed to take of that section was that it was confined to an overcharge recovered before the delivery of the goods to the consignee at destination. The Committee submitted that that view was not correct. The objection of liability to refund an overcharge and power to recover undercharge necessarily implied that the Railways were bound to reweigh the goods at destination, if so demanded. The Committee in this connection drew the attention of the Railway Board to the recent decision of the Judicial Commissioner, Nagpur, in an appeal preferred by one Akola merchant against the G. I. P. Railway re the awarding of damages caused to the merchant by the Company's refusal to reweigh the goods at destination under certain circumstances. They observed that the interpretation put by the Judicial Commissioner on Sections 54, 55 and 77 of the Railway Act was sound and reasonable. The Committee hoped that the Government would be pleased to arrange with all the Railways for the reweighment facilities being provided whenever they were required. The matter is still under correspondence.

(13) Surplus Wagons and Locomotives:—

The Committee sent a representation to the Government of India, Railway Department, on the 14th April 1927 regarding the above pointing out that there was grave apprehension in the public mind that public money was spent in the direction of the purchase of rolling stock. In order to allay that apprehension they requested the Government to give accurate information regarding the number and amount of locomotives purchased either for renewal or for additions during the last 10 years and when and where the surplus of 30 thousand wagons as officially mentioned was purchased from. They also expressed the desire

to receive copies of reports or communications sent by the Wagon-Interchange Officer ever since the arrangement for wagon pooling came into force. This question was first discussed with the Hon'ble the Commerce Member of the Government of India then with the Financial Commissioner for Railways, during their visits to Bombay who promised to send the information asked for. The Committee after waiting for a considerable time for the promised information, again requested the Railway Board to send the same as soon as possible. The information is still not made available to the Committee.

(14) Charge of freight on goods, parcels or luggage :—

The attention of the Committee was drawn to the practice of all the Railways of charging 1 seer in goods parcels or luggage above the unit of 10 seers, as extra 10 seers. The Committee thereupon addressed the Railway Board pointing out that it constituted a burden on the general public. They requested the Government to be pleased to issue general orders to all Railway administrations of India that an extra seer over the unit of 10 seers would be charged at the rate of 5 seers instead of 10 seers as at present viz. 11 to 15 seers should be charged as 15 seers and so on. The matter is still under correspondence.

(15). Acceleration of Bombay-Madras Mail Service :—

Khan Bahadur P. E. Ghamat, Bombay forwarded to the Committee his Note embodying suggestions for the acceleration of the Mail Service between Bombay and Madras and requested them to move in the matter. The Committee asked their representative on the Local Advisory Committee of the G. I. P. Railway to take up the matter in the same. The Hon'ble Sir Phiroze C. Sethna, Chamber's representative on the same, afterwards informed the Committee that the G. I. P. Railway had promised to increase the speed of the Bombay Madras Mail Service as far as possible.

(16.) System of charging luggage of local passengers by the G. I. P. Railway.

A complaint was received from a member that the local

passengers were charged for carrying with them articles for household use e. g., grain etc. by the G. I. P. Railway. The Chamber's representative on the G. I. P. Railway Local Advisory Committee was requested to take up the matter in the same. After some discussion on the point at the meetings of the Advisory Committee, the Chairman suggested that goods for household requirements weighing 6 seers Bengali i.e., 15 seers Bombay should be allowed free for local passengers. The Advisory Committee agreed to this proposal,

(17) Extension of term of office of Sir Clement Hindley, Chief Commissioner for Railways, Railway Board :—

The Committee sent a telegram to the Government of India, Commerce Department, protesting against the extension of term of office of Sir Clement Hindley on the ground that such extensions delayed the appointment of Indians on the Railway Board. They felt that on the mere score of redeeming Government of India's promise for appointment of Indian to Railway Board every extension given to the existing members was to be regretted.

(18) Chamber's representatives on the Railway Rates Advisory Committee's Commercial Panel :—

The Committee being asked by the Government of India, Railway Department, informed them that the following members would represent the Chamber on the above Panel for the next term :—

Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E., M. L. A.

Hon. Sir Munmohundas Ramji, Kt.,

Hon. Sir Phiroze C. Sethna, Kt., O. B. E.

Mr. Manu Subedar,

Mr. Kapilram H. Vakil.

(19) Disparity in freight on the G. I. P. Ry. for cotton bales despatched from Kurduwadi to Sholapur and Bombay :—

A complaint was received from Messrs. N. Manechand

Kapurchand & Co. to the effect that the existing rates of freight on full pressed cotton bales for Kurduwadi and Sholapur and Kurduwadi to Bombay were highly disproportionate. The freight charge by the G. I. P. Ry., for cotton bales from Kurduwadi to Sholapur, a distance of 49 miles, was only Rs. 0-1-2 per maund while the same was 1-4-2, per maund for Kurduwadi to Bombay, a distance of 234 miles. It was contended that this had proved unduly advantageous to Sholapur merchants and greatly detrimental to Bombay merchants. The Committee were therefore requested to do the needful in the matter. The Committee after carefully considering the whole question informed the complainant that they regretted they could not take any action in the matter.

(20) New Packing conditions for Indian-made piecegoods in boxes or cases by the B. B. & C. I. Railway :—

The attention of the Committee was drawn to the proposed introduction of two new rules regarding the packing of Indian-made piecegoods in boxes or cases by the B. B. & C. I. Railway. As the Committee were not consulted by the the Railway on the same, they requested their representative on the local Advisory Committee of the Railway, Sir Purshotamdas Thakurdas, Kt., to take the matter up with them.

(B) SHIPPING.

(21) International Sanitary Convention 1926.

The views of all the Chambers of Commerce and shipping and other interests were invited by the Government of Bombay on behalf of the Government of India on the International Sanitary Convention 1926. It appeared that the new convention was based upon the draft revision framed by the office Internationale d' Hygiene Publique. The articles of the convention mainly related to the (1) Collection and dissemination and epidemiological intelligence (2) bacteriological examination of rat-affected areas (3) notification of diseases (4) deratisation, (5) observation, immunisation etc of pilgrims.

The Committee in reply informed the Government of Bombay that they saw no objection to the convention being ratified by the Government of India.

(22) Revision of Rules under Sanitary Clauses of the Indian Ports Act, 1908.

The Government of Bombay invited the views of the Committee on certain proposals put forward by the Government of India for the revision of the rules under Sub-Section 6 (1) (P) of the Ports Act. These rules were intended to control the spread of infection of dangerous, infectious and contagious diseases by vessels. The revised draft rules were based to some extent on the International Sanitary Convention 1926. The Committee generally agreed with the draft rules subject to the condition that the Government of India would reconsider the same if they put unnecessary hardship on the Shipping Companies and passengers.

(23) Uniform Bill of Lading :—

The Federation of Indian Chambers of Commerce forwarded for opinion the letters from the London Chamber of Commerce and the British Federation of Traders' Association regarding the need for a uniform Bill of Lading in view of the passing of the Indian Carriage of Goods By Sea Act, 1925. The Committee informed the Federation that they were in favour of adoption of a Uniform Bill of Lading.

(24) Indianisation of Port Trust Services.

The attention of the Committee having been drawn by a member to statements prepared by the Bombay Port Trust giving information regarding employment of Indians in the higher grades of the Port Trust Services, they wrote to the Government of Bombay on 20th April 1927 stating that these statements revealed a deplorably slow process of Indianisation of the Port Trust Services. The number of new posts sanctioned and vacancies during the past 6 years was 85 which were filled by 9 Indians, 15 Anglo-Indians and 59 Europeans. The Committee observed that it was a matter of deep regret that a progressive Govern-

ment like the Government of Bombay chose to remain indifferent to the problem of Indianisation of the Port Trust Services and they trusted that action would soon be taken in the direction of filling all higher appointments by statutory Indians. In reply the Committee were informed that the whole question might well be brought forward by the Chamber's representatives on the Board of Port Trustees. The Government gave some figures for the higher posts and the nationalities and salaries of the permanent incumbents. The Committee thereupon asked their representatives on the Port Trust to do the needful in the question of Indianisation of the higher grades of Port Trust services. Subsequently the information regarding the length of service of each officer of the Port Trust drawing salary of Rs. 500 p. m. and upwards was asked. This statement was forwarded by the Port Trust authorities. The Committee again addressed the Port Trust asking them as to what steps they had taken or proposed to take for enabling Indians to obtain technical qualifications and the necessary experience required for the higher posts in the services of the Port Trust. As regards the Stores Department and Traffic Department, the Committee hoped, no special technical qualifications were necessary and hoped that the pace of Indianisation in those Departments would be much more marked in the near future than in the past. The matter is still under consideration.

(25) Indianisation of Pilot and other connected services of the Bombay Port Trust :—

The Committee sent a representation to the Bombay Port Trust on the 16th September 1927 embodying their suggestions regarding the Indianisation of the Pilot and other services of the Bombay Port Trust. They observed that if the Shifting, Berthing, Mooring, Docking and Undocking and Piloting of vessels' services could be Indianised as per the scheme outlined by them, the Port Trust would save annually nearly Rs. 75,000. In reply the Committee were informed that the Trustees of the Bombay Port were in entire sympathy with the object the Chamber had in view. They added that if the Chamber were—

able to suggest any practicable means whereby, the Port Trust could assist in furthering the scheme for encouraging and helping Indians to qualify for service in the Port Department, they would gladly give the matter their favourable consideration. This matter is still under the consideration of the Committee.

(26). Bengal Pilot Service—Revised rules regarding the appointment of candidates.

The attention of the Committee was drawn by a member to the revised rules for the appointment of candidates to the Bengal Pilot Service laying down different conditions for candidates recruited in India and those recruited in England. In case of candidates from England no definite policy had been followed in regard to the necessity of previous sea experience, while 4 years, previous sea experience and that too in the vessels employed in foreign trade was considered absolutely obligatory on the part of candidates recruited in India. The Committee thereupon addressed the Government of India, Department of Commerce, stating that the unfair and unequal treatment meted out to Indian candidates in this country as contrasted with those selected in England had practically debarred Indians from entering that service. They suggested therefore that the sea experience in a foreign going vessel employed in the coasting trade should serve the purpose, and in view of the declared policy of the Government of India to Indianise the higher services, they should provide for Indians equal opportunity and facilities for entering those services.

(27) Establishment of an Indian Sailors' Home in Bombay:—

The Committee being invited by the Government of Bombay to nominate their representative on the proposed Committee to draw up a scheme for the establishment of an Indian Sailors' Home in Bombay, nominated Mr. M. A. Master, General Manager, Scindia Steam Navigation Co., Ltd., as their representative on the same.

(28) Chamber's representative on the Governing Body of the Indian Mercantile Marine Training Ship :—

The Committee being invited to nominate their representative on the proposed Governing Body of the Training Ship to be located in Bombay, nominated Mr. M. A. Master, General Manager of the Scindia Steam Navigation Company, Limited, as their representative on the same.

(29) Central Advisory Committee re : Indian Lighthouses Administration—Federation of Indian Chambers of Commerce representation on :—

The Committee were informed by the Hon. Secretary, of the Federation of Indian Chambers of Commerce, that the following gentlemen were nominated by the Federation to serve on their behalf on the above Advisory Committee recently appointed by the Government of India :—

Mr. Jamshed N. R. Mehta, President, Buyers & Shippers Chamber, Karachi,

„ M. A. Master, Manager, Scindia Steam Navigation Co., Bombay,

and

„ C. Gopal Menon, Hon. Secy., Southern India Chamber of Commerce, Madras.

(30) Landing Charges of Bombay Customs House.—

The Committee received with thanks the news from the Collector of Customs, Bombay, that the Central Board of Revenue had approved his proposals to calculate landing charges at three-fourth percent instead of one and one four percent for purposes of assessment of real value of imported goods under Section 30 (b) of the Sea Customs Act from 1st April 1927.

(31) Port Trust Charges on Lubricating and Vegetable Oil Drums :—

The attention of the Committee was drawn by oil merchants to the fact that the Bombay Port Trust had been charging wharfage according to the standard scale of rates fixed for a tin of 100 gallons while the usual packing of these oils was 4 gallons

In a tin. The merchants therefore had to pay the same wharfrage for 4 gallons as was fixed for 10 gallons. The Committee thereupon brought this disparity in wharfrage rates to the notice of the Bombay Port Trust and requested them to remove the same in the interest of the oil merchants. They were informed by the Bombay Port Trust that they had made some amendments in the Docks and Bunder scale of Rates which would reduce the existing Dock-rate to an all round rate of 5.25 pise per gallon and the Bunder to 2.25 pies per gallon, thus removing the disparity in the wharfrage rates for small units as compared with the ton rate.

(32) Recommendations of the Indian Mercantile Marine Committee.

The Committee forwarded a representation to the Government of India on 22nd February, 1927 re: the Government's inaction in connection with the various recommendations of the Indian Mercantile Marine Committee. Recommendations re-(1) The reservation of the coasting trade of India to Indian Shipping (2) The scheme for providing Indian Dock officers for Indian Shipping and (3) The training of Indians as Marine Engineers were all very important and the Committee urged the Government of India to give effect to the same as early as possible.

The Committee again sent an exhaustive representation regarding this question strongly protesting against the utter failure of the Government of India in carrying out any of the recommendations of the Indian Mercantile Marine Committee except the establishment of a Training Ship in Bombay. They expressed the hope that the Government of India would see their way to give effect to the same immediately.

(2) CURRENCY, EXCHANGE AND FINANCE.

(33) Issue of emergency currency to the Imperial Bank of India.

The Committee sent a telegram to the Government of India, Finance Department on the 15th February, 1927 recording

their emphatic protest against Government going back on their undertaking to issue four crores emergency currency at 6 % without any previous announcement of such a change of policy which they apprehended, was mainly if not solely directed to support exchange at 18d. They submitted that the sudden change of policy was very unsettling to money market and detrimental to trade and industry and urged the Government to state reasons for the departure and the policy they wished to pursue thereafter.

(34) Omission of foot-notes regarding the composition of rupee and sterling securities in the Paper Currency Reserve from the Weekly Statements of the Currency Department.

The Committee wrote to the Government of India Finance Department, on the 25th April 1927 regarding the omission of the abovementioned foot-notes from the weekly statement of the Currency Department. These foot-notes, they observed, contained information which was of great value to all interested in the position of exchange and money market. They expressed their surprise to see that the same all of a sudden disappeared from the subsequent statements from 22nd April 1927. They further observed that the omission coincided with the period when rupee securities were sold from the Reserves of the Currency Department and had therefore created a very uneasy feeling in commercial circles. The Committee requested the Government to restore these foot-notes as before and if it was considered inadvisable to do so, they requested the Government to state the reasons for the same. The Government in reply informed the Committee that the weekly statements were published according to the provision of the Section 27 (B) of the Indian Paper Currency Act, 1923. The Government did not desire to give any further information beyond that required by the said Act. The Committee thereupon again requested the Government to inform them how it was that they had only now after a lapse of so many years decided not to give more information than was required by law. They also requested the Government to let them know if any special reasons appeared which

necessitated the keeping back of such information from the public.

(35) Currency Deflations.

The Committee wrote two letters on the 15th April and 16th May 1927 respectively to the Government of India, Finance Department, strongly protesting against the two deflations of Rs. 3 and 2 crores. Apart from their strong objection to those deflations, they registered their emphatic protest against the way in which the public had been kept in ignorance of these deflations. The Committee requested the Government to enlighten them as to the placing by the Imperial Bank on behalf of the Government on the market the large blocks of 3 and 3½ percent Government paper for 1942-43. If the same be correct they expressed their amazement at the extremes to which the Government were obliged to proceed to maintain their favourite ratio.

The Government of India informed the Committee that they did not want to give any further reply to their letter of the 15th April save an acknowledgment already issued. The Committee thereupon, requested the Government to inform them when they might expect to receive replies to their subsequent letters.

The Committee addressed another letter to the Government of India, Finance Department, on 16th July 1927 strongly protesting against the attitude taken by the Government since April last of avoiding replies to their letters whenever they found that they (Government) were being asked questions which were not convenient for them to answer. The Committee particularly referred to the four letters addressed by them on the subject of the deflation of Currency, sale of large blocks of 3 & 3½ % Government Paper by the Imperial Bank of India on behalf of the Currency Department and the discontinuance of foot-notes in the weekly statements of the Currency Department. They in conclusion observed that the Government wished to take the fullest advantage of their bureaucratic power. They requested the Governor General in Council to send them a full reply to their letters. So far even an acknowledgment of the representation has not been received.

(36) Gold Standard and Reserve Bank of India Bill :—

The views of the Committee were invited by the Government of Bombay on the above Bill. The Committee in forwarding their views on the Bill suggested some radical and fundamental changes in the Bill. They recognised the necessity of having a Central Reserve Bank, but did not approve of any of the three principal forms referred to by the Royal Currency Commission. They favoured the idea of a Central Bank being established as State Bank without share capital and considered that the Imperial Bank could be converted into a State Bank by Government buying out the present shares of the Imperial Bank. The commercial business of the new State Bank, they stated, need not be stopped from the moment of its conversion but should be gradually reduced. Coming to the important question of the Constitution of the Board of Directors, they suggested that it should be provided that 12 Directors should be appointed by the Viceroy from a panel of, say, 24 men elected by the elected members of the Legislative Assembly, of whom not more than one fourth should be members of Central Legislature. They were of opinion that no person might be a Director who was an officer of Government, or a Director, officer or employee of another Bank. They were strongly opposed to the maintenance of minimum reserve balance by every banker with Reserve Bank. The Committee did not consider in detail the various provisions of the Bill, because they did not approve of the Bill at all as drafted.

(37) Protest against Sale of Silver by the Government of India :—

The Committee sent a telegram to the Government of India Finance Department, on 5th August 1927 regarding the reported sale of silver by them, stating that it was one further step proving the utter unsuitability of the 18d. ratio manoured through the Assembly by the Government. They protested against the step taken by the Government in parting with India's silver irrespective of the price at which it stood in the Reserves and in total disregard of the effects of the savings of the masses in the form of silver.

(38) Approved list of Banks, Firms, etc., from whom the Imperial Bank of India may purchase Sterling:—

The Committee requested the Government of India Finance Department, to send to them for their information a list of approved banks and firms from whom the Imperial Bank of India purchased Sterling on behalf of the Government of India. The Government in reply informed the Committee that the list referred to could not be supplied to them as it was intended for Departmental use only. The Committee again wrote to the Government stating that there was no necessity for creating a needless atmosphere of mystery round transaction of the purchase of sterling and thereby arousing suspicion on the part of the public. They further observed that the object of their request was to prevent abuses that had crept in at the time of the sale of Reverse Council's. The Government in reply regretted their inability to reconsider their decision.

(39) Budget of the Government of India 1927-28:—

The Committee sent their views by tel-gram on the Budget of the Government of India for 1927-28 on 3rd March 1927. They stated that the Budget should have been based on 16d. and the consequent deficit of 5 crores of Rupees faced. They suggested suspension of debt redemption scheme for a year or two. They further suggested that the existing taxes on the export of tea and import of motorcars and tyres should be retained and particularly protested against the proposed removal of the export duty on hides. They condemned in conclusion the financial administration that showed 43 crores greater expenditure now than in 1916-17 in particular by failure to reduce military expenditure to 50 crores as recommended by the Inchcape Committee.

(40) Endorsements on Demand Drafts by Banks:

The views of the Committee were invited by the Government of India on the resolution passed by the Associated Chambers of Commerce in December 1926 regarding the above. The Associated Chambers recommended that the Indian law governing endorsements on Demand Drafts drawn by one branch of a bank upon another branch of the same bank be amended so as to

afford the same measure of protection to bankers in India as the law in England afforded to bankers in England. The Committee in reply informed the Government that no question of amendment of the Negotiable Instruments Act need be raised until at least some concrete instances of hardship to the banks were brought to light. During the last 45 years that the Indian Act had been in force, they were not aware of any case of hardship. They, therefore, requested the Government not to amend the Negotiable Instruments Act at present as desired by the Associated Chambers of Commerce.

(41) Abolition of Stamp Duty of Darshani Hundis :

The Committee received a letter from the Marwari Association, Calcutta, requesting them to support their representation to the Government regarding the abolition of Stamp Duty on Darshani Hundis. The Committee in reply informed the Marwari Association that the Hundis in question were already exempt from stamp duty as from 1st July 1927 under the Indian Finance Act, 1927. Afterwards the Government of India also informed the Association to that effect; therefore there was no occasion for them (Government) to take further action in the matter.

(42) Abolition of Stamp duty on Internal Bills of Exchange..

The Committee addressed a letter to the Government of India, Finance Department on 27th July 1927 regarding the abolition of stamp duty on Internal Bills of Exchange. They observed that the stamp duty on all Internal Bills of Exchange constituted a great burden on the commercial community. The progress of banking in the country was still in its infancy and the removal of the stamp duty on all Internal Bills of Exchange would go a great way in giving an impetus to the growth of banking habits of the people. The Committee therefore, requested the Government to give effect to the recommendations of the Royal Commission on Indian Currency and Finance re: the abolition of stamp duty on Bills of Exchange so far as Internal Bills were concerned. The Government in reply informed the Committee that their request had been noted by them.

(43). Stamp Duty on Endorsement of Demand Drafts :—

The attention of the Committee having been drawn to the interpretation of the Superintendent of Stamps, Bombay, regarding the necessity of stamp duty of one anna on the endorsement of discharge of Demand Drafts under Article 53 of the Schedule to the Indian Stamp Act, 1899, they wrote to the Government of India, Finance Department, stating that this levy of one anna duty on such endorsements if they exceeded Rs. 20 would make nugatory the concession offered to the Demand Drafts by the Indian Finance Act, 1927. They, therefore, requested the Government to make the necessary change in the Indian Stamp Act to remove this apparent flaw. The Government in reply informed them that the definite ruling of the Collector of Stamps had been asked on the point after which, the question of legislation would be taken into consideration if necessary.

(44). Formation of the Indian Institute of Bankers:—

The attention of the Committee having been drawn to a communication by the Managing Governors of the Imperial Bank of India to the Government of India re : their intention to call a meeting of interested Banks for a general discussion on the subject of the formation of an Institute of Bankers, they addressed the Government of India requesting to arrange for the representation of the principal commercial institutions. In reply they were informed that the meeting in question was open only to members of the Banking profession. The Committee again addressed the Government stating that they were not satisfied with the reason given re non-representation of commercial bodies on the forthcoming meeting. They further observed that the indigenous banking profession could only be represented through an institution like the Indian Merchants' Chamber. They therefore emphasised the need of their representation on the same.

(3) STORES PURCHASE.

(45). New Stores Purchase Rules of the Government of Bombay.—

The views of the Committee were invited by the Government of Bombay on the new stores purchase rules proposed by them. The Committee in offering views on the same emphasised the need of provision for tenders being called in the Indian currency and in India. They also insisted that whenever the prices of the articles manufactured in India did not exceed by 10 per cent those of the foreign articles, the same should be purchased locally provided the quantity was equally good; with regard to articles manufactured in India from imported materials, it was suggested that if the difference in prices did not exceed 5 per cent, the same should be given preference to foreign one. These were the main suggestions of the Committee, who made other minor suggestions also so as to encourage as far as possible the Indian industries. These suggestions were discussed at the interview with the Hon'ble Mr. Cowasji Jehangir General Member, Government of Bombay on the 17th February 1927.

(46). Purchase of Leather cloth by Indian Railways. (Vide item No. 43 of the Chamber's Report for 1926.)

In this connection the Committee were informed by the Government of India that experiment with the cloth made by the Dharamsi Morarji Woollen Mills was made by certain Indian Railways at the suggestion of the Indian Stores Department and as the report was unfavourable the orders for the same were placed with the Rexine Ltd.

(47). Rupee Tender and new Stores Rules for India:—

The Committee addressed the Government of India on the 31st March 1927 expressing their satisfaction that their negotiations with the Secretary of State had resulted in the relaxation by the latter of the powers hitherto reserved to him by statute. They took the opportunity of drawing the attention of the Government once more to many defects of the above rules. They reiterated their former suggestions with emphasis that the arti-

cles manufactured in India should (1) receive marked definite preference, and (2) that in certain cases the discretion of the officials should extend upto 10 per cent of the price if the articles in question were manufactured only in India. The Committee in conclusion observed that any rules framed *ex parte* without consultation with representatives of the public would cause grave disappointment and dissatisfaction.

(48). Purchase of Khakhi Pugri cloth and socks —

The attention of the Committee was drawn to the item of cotton pugri cloth and socks in the abstract for half-year ending 31st December 1926 of cases in which the lowest tenders were not accepted. The Committee wrote to the Government of India objecting to the purchase of such articles from outside India on the ground of urgency about the supply of the same and shortage of stocks in India. They further observed that in times of peace those requirements should have been foreseen. They expressed the hope that immediate steps would be taken by the Government to put a stop to such unnecessary waste of public funds in future.

(49). Purchase of Printing Paper :—

The attention of the Committee being drawn to the item of Paper-printing in the abstract for the half-year ending 31st December 1926 of cases in which the lowest tender was not accepted they addressed the Government of India, Industries Department, protesting against the insistence of the indenting officer on the purchase of paper of a particular firm inspite of the equally suitable quality of the paper of the lowest tendering firm. They could not understand the reason why the indenting officers were given such wide powers which were so often abused as in the present case. The matter is still under correspondence.

(50.) Stores Purchase Rules of the Bombay Municipality :—

The Municipal Commissioner for the City of Bombay forwarded to the Committee the detailed rules regarding the policy of inviting tenders for the supply of stores for the Bombay

Municipality. The Committee while appreciating the action of the Municipality with regard to the same, drew their attention to the urgent necessity of framing rules by which all Municipal Stores Purchase should be guided. They forwarded a copy of draft rules prepared by the Chamber for the Stores Purchase by the Government of India to the Bombay Municipality for their guidance and hoped that the Municipality would be pleased to frame their Stores Purchase Rules on similar basis.

(4) TARIFFS AND TAXATION.

(51) Proposed amendments in Rules 19 and 39 of the Indian Income Tax Rules.

The Central Board of Revenue forwarded to the Committee two notifications intimating the changes to be made in item 8 of the rule 19 and in clause (c) of the rule 39 of the Income Tax Rules. To item 8 of the rule 19 the words "not being income from business" were proposed to be added. In sub-clause (i) of clause (c) of rule 39 the words "when so resident" were proposed to be omitted and in sub-clause (ii) for the word 'resident' the word 'charged' was proposed to be substituted. The Committee informed them that they had no objection to the proposed amendments in rules 39 and 19.

(52) Proposed Amendment in Rule 23 of the Indian Income Tax Rules, 1922:—

The opinion of the Committee was invited by the Central Board of Revenue re: the above proposal. The proposed amendment was intended to give power to the income-tax officers to fix the market value of agricultural produce which the assessee had utilised as raw material for the purposes of his business, which uptil now was vested in the Board of Inland Revenue. The Committee approved of the amendment.

(53) Amendments in Rules 23 and 24 of the Indian Income-tax Rules, 1922:—

In view of the provision of the last Budget of the Government of India regarding the tax on the income of the owner of

tea plantations, the rule No. 24 of the Income-tax Rules which dealt with the same was proposed to be omitted. The change in Rule 23 was consequential. The Committee had no objection to the same.

(54) Proposed amendment in Rule 8 of the Income Tax Rules.

The Committee informed the Central Board of Revenue that they were opposed to the words "surgical and dental instruments" being omitted from entry 2 of the statement in rule 8 of the incometax rules. The Central Board of Revenue in reply explained the reason that as the law stood depreciation on machinery plant etc., could only be allowed in computing income from business and was not one of the allowances that could be made in computing income derived from the exercise of a profession or vocation. The Committee afterwards enquired of the Board as to how the preliminary expenses incurred in connection with surgical and dental instruments would be treated. They also requested to be enlightened as to the meaning of replacement, whether it referred to replacement of new parts or replacements of unserviceable instruments by new ones. In reply the Committee were informed that both the cost of repairing instruments (including the replacement of parts) and the cost of purchasing new instruments to take place of unserviceable ones would be allowed.

(55) Proposed amendment of Rule 8 of the Indian Income-tax Rules, 1922:

The Committee informed the Central Board of Revenue that they had no objection to the proposed amendment in Rule 8 of the Indian Income-tax Rules.

(56) Proposed amendment in Rule 14 of the Indian Income-tax Rules, 1922 :

The Committee informed the Central Board of Revenue that they had no objection to the proposed amendment of Rule 14 of the Indian Income-tax Rules, 1922,

(57) Proposed amendment in Rule 2 of the Indian Income-tax Rule 1922:

The Committee informed the Central Board of Revenue that they suggested that instead of the words: "before it is assessed under section 34", in the proposed amendment of rule 2, the words: "Before it is Assessed or Re-assessed under Sections 34, 30 and 36 or under order of Assistant Commissioner" be added.

(58) Indian Income-tax (Amendment) Bill:—

The Government of Bombay, Finance Department, forwarded to the Committee for opinion a copy of the amendments proposed to be made in the Income-tax Act, 1922, for the following purposes:—

- (a) To accept draught animals and other live stock as 'plant' for allowing deduction in respect of cost of replacement.
- (b) To prevent deduction of local taxes assessed on the basis of profits;
- (c) To regulate the procedure for assessment in the year following the year of partition in a Jt. Hindu undivided family;
- (d) To regulate assessment in cases where constitution of the assessee changed, viz., from a firm to a company.
- (e) To enable assessment of incomes accruing in British India though not received in British India, the profits being computed on the basis of the price obtainable for the goods at the port of export after delivery on boardship.
- (f) To withhold refunds from non-residents who are neither British subjects nor subjects of Indian States, and to compute refunds to non-resident British subjects and subjects of Indian States on the basis of their total income wherever received.
- (g) To prevent registration of bogus partnership deeds by providing that a firm should not be registered

unless it not merely files a deed of partnership specifying the partners' shares, but also actually divides the profits in accordance with those shares.

The Committee at the outset informed the Government of the feeling prevalent among responsible Indian businessmen regarding the treatment meted out to them compared with that given to the foreigners. They stated that non-Indians were being treated by Income-tax Officers with consideration verging almost on respect. They also drew the attention of the Government to the fact that income-tax was levied on even deposits lying with Shroffs (Indian bankers), while no such enquiries were made with regard to deposits or current accounts with Banks or European offices and Mills. Such a procedure was bound to be a sure handicap to indigenous banking.

After making these general observations the Committee conveyed their disapproval of the changes proposed to be made in the Bill, specially those suggested in clause 7. They considered that the terms of the new section provided in the Bill were too wide and would bring under its operations not only profits arising from trade but also those arising from finance by non-resident in British India. This they considered very undesirable. The Committee showed by a hypothetical example how wrong it was to assume that the difference between the price at which the goods had been brought in this country and the price which might prevail on the date when they were put on board the ship must be a profit of the foreign buyer. They therefore suggested that the whole of the present clause (7) should be dropped, because the assumed profits in several cases might not be there and the imposition of such a tax on such imaginary profits would be not only inequitable but would seriously hamper the development of trade.

As regards the prevention of deduction of local rates assessed on the basis of profits, they suggested that the same should be allowed to be deducted in determining the net figure of income, otherwise the levying of such cess, rate or tax by the different authorities on the same net income might reduce the

income to such a low figure and discourage enterprise.

With regard to the proposed amendment in connection with the procedure for assessment in the year following the year of partition in a Hindu undivided family the Committee informed the Government that there was no necessity for the same. As regards other amendments, the Committee suggested some changes.

(59). Income-tax on Private Provident Fund Contributions :—

The attention of the Committee had been drawn by a member-firm to the question of the levy of income-tax on contributions to private provident funds. The member-firm contended that the contributions (including interest) made by any employer to any Provident Fund as also the interest on employees' contributions to the fund should be exempted from the income-tax. The firm in question had approached the Central Board of Revenue with a request to them to arrange to amend the Income-tax Act in that direction. The Central Board having refused to consider the same, the Committee were requested to move in the matter. They thereupon, addressed the Board fully explaining the reasons for which the desired changes in the Income-tax law were urged. They observed that the view that the employers' contributions with interest and the interest on the employees' contributions to the Funds to which the Provident Fund Act did not apply constituted income under 'salaries' and as such were liable to taxation at source, could not be held at all. They enquired of the Board to enlighten them as to the justification of classifying such payments under the heading 'salaries' and thus wrongly empowering the Income-tax authorities to levy income-tax on the same. The Committee entirely agreed with the view that the reason for treating the Private Provident Funds on different grounds from those of registered Provident Funds did not hold good when the accumulated balance of the Provident Fund money was actually paid to the employee. They, in conclusion, requested the Board to arrange to amend the Income-tax Law in the manner suggested above so as to remove the glaring anomaly from the same.

This question was also discussed with Mr. A. R. L. Tottenham, Member, Central Board of Revenue, during his visit to Bombay in September, 1927.

(60) Indian Income-tax (Second Amendment) Bill:

The Government of Bombay forwarded to the Chamber for opinion a copy of a Bill further to amend the Indian Income-tax Act 1922. From the statement of objects and reasons attached to the Bill it appeared that Government had been considering for sometime in consultation with the commercial community and the officers of the Income-tax Department the best methods of rendering illegal certain practices, now legal which were adopted by persons desirous of evading the payment of income-tax and super-tax and the Bill under reference proposed to give the taxing authorities, the necessary powers to check such evasion. Broadly speaking the proposals in the Bill were: (1) to define a "firm", "partner" and "partnership" in the same sense as in the Indian Contract Act, 1872; (2) to give discretion to the Income-tax Officer to treat as separate assesseees the individuals, companies, or any associations carrying on business of which only one member was competent to bind the Association by his acts; (3) to give the Income-tax Officer direction to treat the member of a Company as separate assesseees if the Company restricts the right to transfer shares or limits the number of shareholders, etc.; (4) to permit the production by public servants before a Court of a documents or information relating to the registration of firms; (5) to impose penalties for failure actually to distribute shares of the profits of a firm in accordance with the provision of the deed of partnership registered under the Income-tax Act; and (6) to give discretion to the Income-tax Officer to treat a registered firm if it failed to make a return of its income or to produce accounts or other documents called for by the Income-tax Officer.

The Committee in sending their views on the different clauses of the Bill generally opposed to the proposed changes as they thought that the powers given to the Income-tax Officer were already too wide.

(61) Proposed substitution of a nonrefundable terminal-tax for the existing town duties in Bombay.

The attention of the Committee having been drawn to the letter addressed by the Government of Bombay to the Bombay Municipal Corporation re. above, requested the Government to inform them which were the bodies consulted by the Government with regard to the same and the reason why they were not consulted by the Government. The Government informed them that their views were not invited because they had already expressed their opinion on the same. Only the Bombay Port Trust, the G. I. P. Railway and the B. B. & C. I. Railway were consulted by them on the subject. The Government of Bombay did not think it necessary now to invite opinions of other bodies as many of them had already expressed their opinions. The Committee requested the Government to forward to them any new proposals that might come before them for their opinion.

The Committee afterwards being requested by the Bombay Municipal Corporation to depute a representative to attend the meeting of their Revenue and General Purposes Committee to consider the above question, nominated Mr. Mathuradas Canji Mattani and Mr. J. K. Mehta, Secretary of the Chamber, as their representative on the same. They emphasised the necessity of nonrefundable terminal-tax at that Meeting. Recently the question came up before the Corporation when the principle of terminal-tax was agreed to by a large majority.

(62) Assessment of duty on mild steel bars and rod cuttings:—

Some complaints were received from merchants that the assessment of duty on mild steel bars and rods cuttings being equal to that charged on common merchant bars and rods cuttings the import of cuttings had been largely reduced. The Committee thereupon suggested to the Director General of Commercial Intelligence and Statistics that round and square mild steel bars and rods cuttings of the lengths of 2 and 3 feet and flat cuttings upto the length of 9 feet be taken as a new item in the statutory Tariff Schedule and that either a lower valuation be fixed for that item or they should be charged as Ad Valorem.

In reply the Director General drew the Committee's attention to the new classification of steel bars and adopted by the Steel Industry (Protection) Act, 1927, and incorporated in the Tariff Schedules and enquired whether the Committee had to observe anything further in view of the same. The Committee informed him that in view of the explanation offered they had nothing further to say.

(63) Tariff valuation of polished bars including steel Shafting:—

The attention of the Committee was drawn to the fact that the articles mentioned above were assessed at 16% and the Tariff valuation for the purposes of collecting the customs duty was fixed at Rs. 240 per ton. It was represented to them by the merchants that in view of the prices prevailing of these articles, which were much lower than those fixed for Customs purposes, the present assessment was very heavy. The valuation was based on prices of these articles prevailing in 1925. In that year the price of shafting was between £ 17 and 18 per ton c. i. f. Bombay, whereas the present price ruled between £12 and £12-10-0d per ton. In view of their present prices the Committee observed that the Tariff valuation should be somewhere between Rs. 150 and Rs. 160 per ton. They further requested the Director General to revise the same this year also and note the downward tendency of the prices at the time of fixing the same for the next year. In reply the Committee were informed that any reduction in their Tariff valuation at present was impossible.

(64) Proposed Amendments in the Indian Tariff Act 1894. Effects on Type Foundries of India.

The Government of India introduced a Bill in the Legislative Assembly to give effect to their decision to remove the import duty on certain machinery and mill stores as announced in paragraph 12 of their Resolution No. 341-T., dated the 7th June 1927 on the report of the Textile Tariff Board. Along with other machinery, it was proposed to remove the import duty on Printing and Lithographic machines, e. g., printing types, leads, etc., The Committee strongly opposed the same on the ground that the

duty on such articles should instead be increased as the type foundry industry which was a growing industry required protection.

(65) Revision of the Form of Tariff Valuation Schedules.

The opinion of the Committee was invited by the Director General of Commercial Intelligence and Statistics, India, re: the proposal to discontinue the present practice of appending the complete Tariff Schedule to the Notification prescribing the revised tariff valuations each year and to annex in future only valued articles showing the revised valuations. Two alternative forms had been suggested for that purpose, viz., forms A and B. The Committee after carefully considering the proposal, approved of the proposed form B.

(66) Import duty on confectionery exported from India:

The attention of the Committee was drawn by one merchant that the English Confectionery when exported to India, Burma, Ceylon and Africa got full drawback of sugar duty while similar products made in India and exported to Ceylon did not get the same benefit. The Committee thereupon requested the Government to inform them what action they proposed to take in the matter. The Government of India in reply informed the Committee that such arrangement as described by the merchant did exist in the United Kingdom. There were however, no corresponding provisions in Indian law for the grant of drawback of duty on sugar used in the manufacture of exported confectionery. The Government had before them a proposal to amend the Customs law so as to allow of drawbacks on the duty paid on raw materials used in the manufacture of goods exported.

(67) Substitution of cess for export duty on raw hides and skins:

The Committee considered the proposal of the Government of India, Commerce Département, regarding the substitution of cess for export duty on raw hides and skins and appointment of an *ad hoc* Committee to determine the details in that connection

and informed the Government that they had no objection to the same provided the cess was not levied on hides and skins consumed locally. They further suggested that the cess should be levied at 15 percent, so as to give a real and much needed protection to the indigneous tanning industry. The Committee also approved of the appointment of an *ad hoc* Committee for the purpose mentioned above.

(68) Annual revision of Tariff Valuations for Hides & Skins:—

The Committee were asked by the Director General of Commercial Intelligence & Statistics, Calcutta, whether they had any changes to suggest to the Tariff Valuations proposed by Government for the export duty on hides and skins for 1928. They suggested that as prices of these articles had considerably gone up the prices mentioned in the Tariff should be increased alround by 25 percent.

(5) PUBLIC ENQUIRY COMMITTEES AND COMMISSIONS.

(69) Report of the Government of India's Committee on the Backbay Scheme.

On the publication of the report of the Backbay Enquiry Committee, the Committee sent their views on the same protesting against the rather weak manner of the condemnation by the Backbay Committee of the principal parties concerned and the decision of the Government to reclaim Blocks Nos. 2 and 7. They observed that to dispose of the whole case against the Government of Bombay with the expression 'regrettable' fell much short of what was necessary in the matter. The Committee further stated that the Government of India could not escape the blame for they advanced two crores of Rupees as loan to the Government of Bombay to carry out their scheme and that they could still make good the losses the Presidency had been put to through their lack of close scrutiny at least to the extent of writing off the loan to the Government of Bombay. The Committee urged that the work on Blocks Nos. 2 and 7 should be stopped immediately and the dredger should be scrapped. As regards the recommendation that the

Bombay Municipality should share the cost of development, they observed that the Municipality had nothing to do with the reclamation as the same was not taken into confidence by the Government at any time.

In this connection the Committee were informed by the Government of Bombay that the Report of the Mears' Committee was still under the consideration of the Government of India. The Committee thereupon requested the Government of India to inform them as to when their views on that Report would be published. They in reply informed the Committee that the Government of India did not propose to publish any views on the same. The Government of Bombay was informed of this decision.

(70) The Royal Commission on Indian Agriculture.

The views of the Committee were invited by the Secretary of the above mentioned Commission on the questionnaire issued by them.

The Committee forwarded their views which were published in the press. Mr. Walchand Hirachand, President, represented the Chamber for the purpose of oral evidence before the Commission.

(71) Report of the Textile Tariff Board re-protection to the Indian Textile Industry and the Government Resolution Thereon.

The Committee sent a telegram to the Government of India, Department of Commerce, on the 13th June 1927, and a representation on the 14th July 1927 strongly protesting against the total rejection by the Government of the recommendations both of the majority and the minority reports of the Textile Tariff Board. They observed that it was a matter of the greatest regret that the Government could not even accept the recommendations of the majority, modest and halting though they were, of the Tariff Board. As regards Government's acceptance of the Tariff Board's recommendation with regard to the removal of import duty on machinery and stores, the Committee did not think

that such a remission would mean any material benefit to the Textile Industry ; on the contrary they apprehended that such a remission of duty would be very much adverse to the interest of the several chemical and other industries which had been started in the country since the last few years. They observed in conclusion that Government's resolution on the Tariff Board's Report was one-sided, narrow in its outlook and perfunctory in its consideration. On the 25th August 1927, the Committee sent another telegram expressing their profound dissatisfaction with the Communique of the Government of India re-the proposed import duty on yarn. They observed that nothing short of the protection recommended on the lines of the majority report of the Tariff Board would be suitable to the Industry. They were also opposed to reduction in duty on artificial silk yarn.

(72) Appointment of a Committee to consider the layout of the Back Bay Reclamation Scheme :—

The Government of Bombay, Development Department forwarded for the information of the Committee a copy of their Resolution regarding the constitution of the Committee to consider and report on the layout plan of Blocks 1, 2 & 7 of the Back Bay Reclamation Scheme prepared by the Consulting Surveyor to Government. Mr. Walchand Hirachand, President of the Chamber being invited to become its member gladly accepted to serve on the same.

(73) Reconstitution of the Special Advisory Committee :—

The Government of Bombay, Development Department, forwarded for the information of the Committee copies of Government resolution and Press-Note regarding the re-constitution of the existing Special Advisory Committee for the purpose of completing their report on the Suburban schemes. Mr. Manu Subedar was appointed by the Government as the Chamber's representative on the same.

(74) Appointment of a Committee to advise Government on all important matters regarding the Back Bay Reclamation Scheme :—

The Committee being asked to nominate their representative

on the above Committee, appointed Mr. Manu Subedar as their representative on the same.

(75) Indian Cinematograph Enquiry Committee :—

On the appointment of the above Committee by the Government the Committee addressed the Government of India protesting against one of its main terms of reference, viz: the principle of Imperial Preference. They observed that the introduction of this principle through a side-door as it were, must be deprecated. They, therefore, urged the Government to remove the same from the terms of reference of that Committee. They further observed that the personnel of that Committee was not satisfactory inasmuch as there was not a clear majority of Indians on the same and requested the Government to appoint at least two more Indians enjoying public confidence. In reply the Government regretted their inability to accede to the requests of the Committee.

The Committee afterwards forwarded their replies to the questionnaire issued by the Indian Cinematograph Enquiry Committee. They favoured the continuation of the duty of 1½% on imported prepared cinema films and recommended the reduction in duty on cameras. They objected to any Government action whether legislative or administrative being taken to develop the Cinematograph industry. With regard to the composition of the Board of Censors the Committee suggested that the same should be a representative one. They favoured the Provincial Boards of Censors. As regards the question of giving license, the Committee observed that the same should be given to the companies in which Indian interests were predominant. It should also be made a condition that a percentage of 7½ of Indian films should be shown in every theatre from 1930, or an earlier date if possible and the same be increased by 2½% every year until it reached 25 % before a license was given.

(6) TRADE AND INDUSTRIAL LEGISLATION.

(76) New Commercial Causes Rules of the Bombay High Court.

The views of the Committee were invited by the High Court of Bombay on the amended rules for the Commercial Court which would come into force from January 1927. The Committee in offering their views observed that the amendments and additions principally dealt with (1) the putting in or dispensing with the written statements in Commercial Causes (2) permission to prove facts by affidavits instead of by oral evidence and (3) admission of copies of documents or entries in the books in place of the original. As regards dispensing with written statements in Commercial Causes the Committee said that it was a dangerous experiment which was likely rather to prolong litigation than shorten it, and multiply work in various forms. As regards proofs by affidavits, they emphasised the need of oral evidence by pointing out that in Commercial suits, it was absolutely in the interests of justice. They further observed that cross examination was the weapon against perjury and they thought that oral evidence was thoroughly justified by the results achieved. As regards admission of copies of documents and Book entries, they feared that the rules were not likely to lead to satisfactory results.

(77) Proposed Amendment in Civil Procedure Code of 1908.

The opinion of the Committee was invited by the Government of Bombay on the Bill introduced by the Government of India in the Legislative Assembly to amend the Code of Civil Procedure, 1908, for certain purposes. In Chapter 29, 30 and 31 of their Report, the Civil Justice Committee made a number of recommendations for the amendment of Part II and Order XXI of the First Schedule, Code of Civil Procedure, 1908, relating to the execution of decrees and orders. The Bill was intended to give effect to those recommendations which involved amendments in Part II of the Code and a few amendments in Order XXI.

The Committee appreciated the desire of the Government of India to give effect to the various recommendations of the Civil Justice Committee re: delays arising out of execution of decrees and orders and they supported the proposed amendments in the Civil Procedure Code, 1908.

(78) Proposed Amendment in the Indian Succession Act.

The views of the Committee were invited by the Government of Bombay on the Bill further to amend the Indian Succession Act, 1925. The Bill was introduced in the Legislative Assembly by Mr. Mahomed Yakub to remove the anomaly from the Act of 1925 regarding the grant of succession certificate in respect of a portion of a debt. Out of the two conflicting views of the Allahabad and Calcutta High Courts re: the grant of succession certificates, the Bill was intended to give effect to the views of the Calcutta High Court which held that the succession certificate could be granted in respect of a portion of a debt. The Committee agreed with the view of the Calcutta High Court but thought that the proposed amendment as was framed did not go far enough to give full effect to the views of the High Court of Calcutta. They, therefore, suggested an alternative section so as to conform the same fully to the view of the Calcutta High Court.

(79) Amendments in the Indian Registration Act, 1908.

The opinion of the Committee was invited by the Government of Bombay on Mr. C. Doraiswami Ayyangar's Indian Registration (Amendment) Bill. The main object of the Bill was to effect certain amendments in the existing enactment relating to the registration of documents. The Committee in reply informed the Government that they generally approved of the provisions of the Bill.

(80) The Bombay Cotton Markets Bill.

The Committee in sending their views on the Bombay Cotton Markets Bill pending before the Bombay Legislative Council observed that they appreciated the desire of the

Government to enact a piece of legislation for better provision for the marketing of cotton Kapas by growers of the Presidency. They drew the Government's attention to the fixed rules for all the cotton markets of the Presidency without any due regard to the varying local conditions and practices of different districts would not prove beneficial to those for whom that piece of legislation was enacted. They understood that the mercantile community of Karachi was of opinion that the Bill under reference, should it become law, should not be enforced or in any way applied to any place in Sind until the question had been discussed with the interests concerned. The Committee in conclusion suggested that suitable changes should be made in the Bill so as to make its application to Sind more in accord with the demand of the people of that province.

(81) Proposed amendment of the Law of Evidence in regard to certain Commercial Documents.

The opinion of the Committee was invited by the Government of Bombay on the proposal of the Bombay High Court regarding removal of the difficulties placed by the existing law in the way of documents which by the practice of merchants were accepted as evidence and taken as *prima facie* correct, but which in the Court of law could not (in the absence of consent by the parties) be admitted in evidence without testimony as to their genuineness or the correctness of the statements made therein. They in reply observed that at the time of the amendment of the rules of the High Court of Bombay for the commercial court, they were opposed to the same, because the amendments principally dealt with (1) the putting in or dispensing with the written statement in commercial causes, (2) permission to prove facts by affidavits instead of by oral evidence and (3) admission of copies of documents or entries in place of the original. The Committee while appreciating the desire of High Court of Bombay to ensure a better and speedier disposal of commercial suits by removing the difficulties through legislation, could not overlook the fact that at times even the veracity of Lloyds weekly shipping Index certificates, certificates of the Manchester Ship Canal and

certificates of a Chamber of Commerce was rightly doubted. They felt apprehensive that the wholesale recognition of such documents as prima facie correct would rather prove harmful to the commercial community. The Committee therefore expressed their objection to the proposed amendment in the Indian Evidence Act.

(82) Bill to further amend the Indian Mines Act, 1923.

The opinion of the Committee was invited on the above Bill by the Government of Bombay. The principal object of the Bill was to provide for (1) limitation of working hours (2) change of shifts and notices regarding hours of work. The Committee in reply informed the Government that they generally approved of the provisions of the Bill.

(83) Land Acquisition Act Amending Bill:

The views of the Committee were invited by the Government of Bombay on a Bill introduced in the Legislative Assembly by Mr. N. C. Kelkar to amend the Land Acquisition Act of 1894. The Bill was introduced to minimise the iniquity and consequent discontent which marked the operation of the Act. In order to lessen the popular objection to compulsory acquisition, it was provided in the Bill (1) that the bona fide public purpose for the acquisition of the land should be established; (2) adequate compensation should be paid to the person deprived of the land acquired. The Committee in offering their views on the various provisions of the Bill, observed that there were serious defects in the working of the Land Acquisition Act which needed to be remedied. They particularly pointed out that the delay in acquisition caused immense loss and harrassment. They also observed that the compensations paid were very inadequate, and the procedure was very costly. As regards the clauses 8 to 11 of the Bill providing for the composition of an Arbitration Board between the Collector's award and the reference to the District Court, the Committee suggested that for claims below Rs. 1,000 there should be resort to Arbitration only and not to

Court. For claims above Rs. 1,000 and below Rs. 10,000 the option should be given to the seller to choose either Arbitration or a Court of Law, and for claims above Rs. 10,000 there should not be any provision for arbitration. They also suggested that compensation should be paid for any loss or damage due to partial acquisition.

(84) Insurance Legislation for India.

The Committee drew the attention of the Government of India to the interview they had with the Hon'ble the Commerce Member in April last, when the question of Insurance legislation for the whole of India was discussed. They observed that the Board of Trade Committee (London) appointed to consider the whole question comprehensively had now submitted a report. The Committee therefore requested the Government to be pleased to introduce Insurance Legislation at the Simla Session of the Assembly as that important question could not wait any longer. The Government in reply informed the Committee that the Insurance Bill would in all probability be introduced in the Legislative Assembly early in 1928.

(85.) Proposed amendments in Section 10 and Articles 48, 133 & 134 of the Indian Limitation Act:—

The Government of India proposed that the Limitation Act should be so amended as to make clear (1) whether articles 133 & 134 meant what they said, viz: that limitation ran from the date of the Act be amended so as to put Hindu and Mahomedan religious endowments on the same footing as other trust funds which definitely vested in a trustee. The Committee approved of the proposed change in the Section 10, but as regards articles 133 & 134, suggested that the existing law should be retained and transfer should mean execution of the deed of purchase and possession whichever be the later.

(86) Proposed amendment in Section 96 of the Civil Procedure Code:—

The opinion of the Committee was invited by the court of Bombay on the proposed amendment in Section 96 of the Code of

Civil Procedure, which gave effect to the recommendation of the Civil Justice Committee regarding the cases where orders in execution of money decrees were passed under Section 47 of the Civil Procedure Code. The Civil Justice Committee recommended that, on pleas by Judgment debtor that payment or part payment had been made, there should be no appeal to such orders when passed by specially empowered Munsiffs or corresponding officers upto a limit of Rs. 200 and by Subordinate Judges or corresponding officers upto a limit of Rs. 500. In reply they informed the Government that any legislation which deprived parties of the right of appeal should be deprecated, and as such they objected to the proposed amendment.

(87) Proposed amendments in the Transfer of Property Act:—

The Government of India introduced in the Legislative Assembly early in 1927 two Bills; one relating to the amendment of the provisions of the Transfer of Property Act itself and the other a Supplementary Bill dealing with consequential amendments in some other Acts, e. g. Indian Registration Act, Indian Succession Act, etc. The main reason for making changes in the Transfer of Property Act, 1882, was this: that during the period of forty-five years the Act had been in force a large mass of conflicting decisions had arisen with regard to various provisions. Since the passing of the Transfer of Property Act in 1882, its provisions had been amended on twelve occasions, but it did not appear that the general revision of the Act was undertaken or any new principle of importance or substance introduced. The Bill were, therefore, intended to clarify the Transfer of Property Act in the light of various and conflicting decisions pronounced on the same by the different High Courts of India. The Committee in offering their views on the same made some useful suggestions therein.

(7) GENERAL TRADE & INDUSTRY.

(88) Revised Rules re. Deferred Foreign Telegrams.

The attention of the Committee was drawn to the charges made in the Foreign rule 433 of the Post and Telegraph Guide to the effect that in Deferred and daily letter telegrams numbers written in letters or in figures, abbreviated expression and commercial marks should not exceed one third the number of chargeable words in the text. The Committee enquired of the Director-General of Posts and Telegraphs the reason for the change. He, in reply, informed them that the revised rules were based on the International Telegraph Regulations as amended in the Paris Conference, 1925. The Committee thereupon addressed him stating that the revised rules were very inconvenient to the commercial community and that the Government of India should approach the International Telegraph Conference with a view to abrogating the new rules and substituting in their place the old rules. The Director General in reply informed them that their request could not be complied with and nothing could be done in the matter. The Committee however requested him to be good enough to get the question considered from their point of view at the next International Telegraph Conference.

(89) Protection to Steel Industry.

The Committee sent a telegram to the Government of India, Commerce Department, wherein they stated that the scale of duties recommended by the Tariff Board and embodied in the bill would be inadequate for securing any return to the ordinary shareholders of the Tata Iron & Steel Co., Ltd. during the first half of the period and this would prevent new capital being drawn into the steel industry and new concerns coming into existence which would mean a practical monopoly for the Tatas and that this was undesirable.

The Committee further suggested a single scale of duty and that was the higher one. They strongly protested against the backdoor method of introducing Imperial preference against which Indian sentiment had always expressed itself strongly.

(90) Membership of the Federation of the Indian Chambers of Commerce.

The Committee were requested to enrol the Indian Merchants' Chamber as a member of the above Federation. They complied with the request.

(91) Commercial Diploma & Certificate Examinations.

The Committee decided to hold special Diploma and Certificate Examinations, both through the medium of English and the Vernaculars, in order to encourage the spread of commercial education among young men who selected a business career. A special scheme of holding such examinations is already published in the press for general information.

(92) Curtailment of the Annual Statement of Seaborne Trade returns of the Bombay Presidency.

(Vide item No. 121 of Chamber's Report for 1926.)

In this connection, the Committee informed the Director-General of Commercial Intelligence and Statistics that they had no objection to the proposed curtailment in view of the reasons advanced for the same.

(93) Department of Factories and Boiler Inspection.

The Committee were requested by the Mechanical Engineers Association Bombay to do the needful in connection with the desirability of cancelling Parts II and III of the Boiler Rules adopted by the Bombay Government and the abolition of the post of the Chief-Inspector of Steam Boilers and Smoke Nuisance and transferring the department under the supervision of the Director of Industries with regard to the second proposal, the Committee were in sympathy with the Association, and with regard to the first the Secretary of the Association, was requested to see the Committee.

(94) Appointment of the Deputy Chairman of the Bombay Port Trust.

(Vide item No. 126 of the Chamber's Report for 1926).

In reply to the Committee's letter re-above, the Government of Bombay regretted their inability to withhold sanction to the Trustees' proposals as the post was contemplated in the Bombay Port Trust Act. The letter was recorded.

(95) Proposed Message Rate System by the Bombay Telephone Co. Ltd.

(Vide item No. 128 of the Chamber's Report for 1926).

The Committee nominated Mr. Walchand Hirachand (President) as the Chamber's representative on the Bombay Telephone Message Rate Committee appointed by the Government of Bombay as instructed by the Government of India. Several meetings of that Committee were held to consider the question when the Chamber's representative put forward the strong contentions of the Committee re: the proposed new system and showed by facts and figures that the same would be greatly detrimental to the Commercial Community of Bombay.

At the meeting of that Committee held on 23rd March, 1927, the Honourable Mr. Rieu, Chairman informed the Members present that as no unanimity could be arrived at on the question the Committee was dissolved. The Committee (Chamber's) were afterwards informed by the Government of India, Department of Industries and Labour, that the question was held in abeyance for the present.

(96) Specification of Hydrogenated Oils and Fats in the Seaborne Trade Returns of India.

The Committee had sometime back requested the Director-General of Commercial Intelligence and Statistics to specify separately the item of Hydrogenated Oils and fats in the Seaborne Trade Returns of British India. He informed them that as those oils and fats could not be distinguished from other oils and fats, the Customs Collectors had expressed difficulty in

giving effect to the proposal. He observed that the imports of vegetable products by which was meant vegetable ghee, fat, etc., would however be separately specified with effect from April 1927. The Committee in reply stated that the difficulty expressed by the Collectors of determining hydrogenated oils and fats would still hold good if the classification of any substance was entered as 'Vegetable Products,' since vegetable oils and fats could not be distinguished without a chemical test from identically looking animal oils and fats. Under the circumstances the Committee still insisted upon that classification.

(97) Indian Insurance Companies' Publicity Propaganda.

The deputation of the Indian Insurance Companies Association recently formed for giving full publicity to the activities of the Indian Insurance Companies had an interview with the Committee when questions re-enlarging the scope of their activities and other relevant points were discussed.

(98) International Economic Conference to be held at Geneva in May 1927.

On learning that the Government of India proposed to nominate only three delegates to the International Economic Conference to be held at Geneva in May instead of the full quota of five, the Committee sent a telegram strongly protesting against the same. In view of the great importance of the subjects to be discussed at that Conference, they most emphatically urged that the full quota of delegates should be sent to that Conference and that its personnel should be selected in a manner which would ensure confidence in the same from the Indian Public.

The Committee further sent a representation on the 21st April 1927, to the President and Officers of the International Economic Conference, Geneva, drawing their attention to the satisfactory manner in which the Government of India had responded to the invitation of the League of Nations to send five non-official Delegates to represent India at the Conference.

They objected to the inclusion of Sir Campbell Rhodes in the Indian Delegation on the ground that he was a non-Indian official. They further observed that as the Government did not pay any heed to their demand of appointment of the full quota of non-official Indians commanding public confidence as India's representatives at that Conference, the only course left open to them was to bring to the knowledge of the authorities of the International Economic Conference the facts of the case in the hope that the Conference would express its opinion in that regard in such unmistakable terms that at least in cases that might arise in future the Government of India would act in a way that would accord with the wishes of the people of India and the rules framed by the League of Nations. The Secretary General in reply pointed out that the question of the choice of members of the Conference by the different Governments was one which did not fall within the competence of the Conference or its Officers.

(99) Deduction from Wages of Payments in respect of Fines.

(Vide item No. 87 of the Chamber's Report for 1926):—

In September of last year a letter enclosing a copy of a letter from the Government of India and the draft questionnaire on the subject noted above were received from the Labour Office, Government of Bombay, for the opinion of the Committee. The Labour Office after receiving the necessary information on the question from the various sources, e.g. Mills, Factories, Gins and Presses, Railways, Public utility establishments, Commercial concerns, &c. finally invited the opinion of the Committee on the desirability or otherwise of the necessity of any penal legislation to deal with the system of inflicting fines on industrial workers if it was so prevalent as to constitute an evil. The Committee after careful consideration of the result of a comprehensive enquiry conducted by the Bombay Labour Office into the matter, informed the Government that they did not see any necessity for action of the proposed nature.

(100) New rules and regulations of the Native Share and Stock Broker's Association.

(Vide appendix 78 of the Chamber's Report for 1926.)

The attention of the Committee having been drawn to the new rules of the above association framed by the Government, addressed the Government stating that inspite of their repeated protests, the rules dealing with 'corner' were incorporated in the new rules. They reiterated what they had already said on the same and added that the rule regarding the admission of a European to the Association who had resided in the Bombay Presidency for 10 years was not sufficient and they insisted that a European intending to become a member of the Association should have worked as an apprentice with a certified broker for 5 years and resided in the presidency for 10 years. The Government informed the Committee that the rules as now drafted received the unanimous assent of a Conference called by them to consider the same.

(101) Amendment of the Bombay Electoral Rules.

The views of the Committee were invited by the Government of Bombay Legal Department, on the proposal to amend the Bombay Electoral Rule 7 of schedule II. The Government observed that at present due to the registration of only a senior partner on the Electoral Roll of the Commerce and Industry Electoral Roll, the amendment of the roll became necessary each time that such partner was unable to exercise the rights and privileges of membership on behalf or in the name of such firm, company or Corporation. In order to obviate this difficulty, the Government suggested that (1) name of three representatives of the firm should be registered in the Electoral Roll; (2) Any partner should be qualified to be an elector and not the senior partner only; (3) the system of voting by post allowed in connection with elections of the Council of State might prove to be convenient to the Commerce and Industry constituencies. The Committee in offering their views on the same stated that if the electoral roll was closed only a fortnight

before the election date instead of two months, the alleged difficulty would disappear. As regards the suggestion of voting by post, they were strongly opposed to same as it would give rise to serious complications.

(102) Protection to Match Industry.

The Committee sent a representation to the Tariff Board on the 20th April 1927 putting forward the claim of the Indian Match Industry for protection from the Government of India. The materials required for the manufacture of matches were soft wood and chemicals. As for wood the Committee stated that vast and unexplored Indian forests might easily provide the same if proper researches were undertaken by the Government. As for labour, they observed that India was never likely to be in difficulty to secure the same. India had a vast demand of matches and as such there was no fear for the lack of a market for the same. The Committee then drew the attention of the Tariff Board to the chief competition to the indigenous industry which came from Sweden and observed that the Indian Match Industry had sufficiently established the claim for protection. They were of opinion that the present duty of Rs. 1-8-0 per gross should be maintained. They further suggested that the excise duty should be levied on the produce of factories under the control of foreign concerns in proportion to the capital invested by them. The Committee also suggested that transport facilities by rail and ship for the finished goods of Indian factories to the different parts of India should be given.

Messrs. Husseinbhoj A. Laljee, Kapilram H. Vakil, Abdulla Fazalbhoy and J. K. Mehta Secretary were nominated to give oral evidence on behalf of the Chamber before the Tariff Board.

(103) Stamping of lengths on mixed piecegoods.

The Collector of Customs, Bombay, referred a proposal to amend the rules under the Merchandise Marks Act so as to require to be stamped with the lengths, piecegoods consisting

of an admixture of cotton and wool or of either cotton or wool, with artificial silk. The Committee agreed to the proposal.

(104) Mining Concessions-Disposal of by auction or tender.

The Committee considered the proposals of the Government of India regarding the possibility of disposing of mining concessions on a system of auction or of competitive tenders. They observed that if by disposing of cancelled or abandoned leases by auction, competitive tenders or otherwise, it was possible to raise the revenue, they had no objection to the same. As regards the proposed extension of that system in connection with the disposal of the expired leases, they were of opinion that the claims of the party who had taken the trouble of exploring prospecting and mining should not be overlooked.

The introduction of that system in connection with new mining enterprises, the Committee observed, would create speculation and defeat both the objects of exploring new areas and securing steady and appreciable revenue from them. The present system of granting concession on royalty basis was good and they did not see any necessity of changing the same. The Committee also drew the attention of the Government to the fact that the mineral deposits of the country were very valuable and irreplaceable national assets and as such they should not lightly allow foreigners to exploit the same without proper safeguard and restrictions.

(105) Recognition of the Bombay Stock Exchange Ltd.

The attention of the Committee having been drawn to the recent notification in the Bombay Government Gazette regarding the application of the above Stock Exchange for recognition to the Governor in Council; they wrote to the Government that there was neither need nor room for a second stock exchange in the city. They drew the attention of the Government to the remarks of the Atlay Committee which

clearly showed that the business available for the members of the Native Stock and Share Brokers' Association did not seem sufficient to provide a living for more than half the members. The Committee in conclusion observed that a second stock exchange was likely to encourage speculation. They therefore requested the Government not to sanction the recognition asked for.

Afterwards, the Government informed the Committee, that a Conference of the representatives of Commercial Associations would be called in December to consider the question. Mr. Walchand Hirachand, President, was nominated by the Committee to represent the Chamber on the same.

(106) Reorganisation of the Department of Industries of the Government of Bombay.

On the recent retirement of Mr. F. E. Bharucha, Director of Industries, Bombay the Committee wrote to the Government to the effect that the Bombay Presidency was pre-eminently an Industrial Province and as such it should have a well-equipped and ably managed Department of Industries. They urged that the Department should be put under an Indian Director and not under a non-Indian as was done at present. They enquired of the Government also whether the Committee appointed sometime back by the Government for preparing a Report on the Department of Industries had submitted its Report. The Committee were informed that the future organisation of the Department of Industries was at present under the consideration of the Committee whose Report had not yet reached the Government.

The notes prepared by the Hon'ble Sir Manmohandas Ramji and Mr. K. H. Vakil in this connection were also considered and the Committee generally agreed with the views expressed therein that the Department should be considerably increased and a sufficient sum should be set aside for its maintenance. They thought that a man of administrative ability or an industrialist would prove a better Director than merely a technical man.

(107) Unification of all commercial weights and measures on the basis of metric system.

The Committee were requested by the All America Standards Council of the United States of America to support the above movement. They in reply informed the Council that due to diversity of Indian weights and measures, it was not practicable at present to adopt the system in this country advocated by them.

(108) Protection to Chemical Industry.

The Committee wrote to the Government of India, Commerce Department, on the 21st June, 1927 regarding the protection to the indigenous chemical industry. They completely associated themselves with the representations made by some chemical companies re. their claims for protection. The Committee observed that they were surprised to find that the request of the ply wood and tea-chests industry regarding its reference to the Tariff Board promptly acceded to while the repeated requests of such an important industry as chemical industry which was rightly called a key industry were not as yet listened to. If the hands of the Tariff Board were full, they suggested that a Special Tariff Board should be appointed to investigate into the case of the chemical industry and other industries which might have been kept waiting very long. The Committee hoped that the Government of India would realise the position of the Chemical Industry which was far from satisfactory and appoint as early as possible a Special Tariff Board to go into the question under reference.

(109) Introduction of the system of phonograms in Bombay.

The Post-Master General of Bombay Circle invited the views of the Committee on the proposal to introduce in Bombay as an experimental measure a system which would provide facilities for telephone subscribers to send and receive telegrams in plain English by telephone. Such messages would be called Phonograms. Phonograms for transmission might be tele-

phoned to the Central Telegraph Office on payment of an additional charge of two annas per telegram. The Committee in reply informed him that they approved of the same.

(110) Mr. Walchand Hirachand's suggestions for the betterment of agricultural conditions.

The Committee considered the note prepared by Mr. Walchand Hirachand containing certain salutary suggestions for the betterment of agricultural conditions. These suggestions were (1) opening of irrigation roads to all traffic except motor cars and the levy of toll for maintaining the same (2) use of telegraphic and telephone lines on payment of usual charges (3) handing over the work of the actual distribution of canal water to the agricultural department (4) the supply of water for green manuring (5) doing away with the compulsion for building outlet walls at the cost of the irrigator for up-stream supplies (6) Government giving assurance amounting to guarantees to supply water to irrigators under normal conditions (7) giving water to those who were prepared to make necessary improvements on lands or in method of cultivation (8) Industries or railways of subsequent growth should not get water at the expense of the agriculturist (9) public demonstration for better cultivation etc. The Committee approved of these various suggestions and commended the same to the Agricultural and Public Works Departments of the Government of Bombay for taking necessary action on the same.

(111) Filling in of Block No. 7 of the Back Bay Reclamation.

(Vide item No. 129 of the Chamber's Report for 1926.)

In reply to the Committee's protest against the filling in of the block No. 7 of the Back Bay Reclamation the Government of Bombay informed the Committee that on careful consideration they saw no adequate grounds for abandoning the reclamation of the block which was commenced in October last and which would be completed at the end of the current season. The financial prospects of the scheme, they observed, were also favourable. The

Committee thereupon again protested strongly against the policy of the Government to push forward the filling-in work inspite of public protests. They observed that the Government of Bombay did not even make any attempt at answering any arguments advanced by them or by the Kay Committee. They expressed regret that the policy of the Government of flouting public opinion which resulted in such a disaster for the Presidency through the Back Bay Reclamation Scheme was still being followed.

(112) Chamber's Representative on the International Congress of Scientific Management to be held in September 1927 :—

At the request of the Organising Committee of the International Congress of Scientific Management, the Committee nominated Sir Dinshaw M. Petit, Bart, and Mr. Vithaldas Kanji as their representatives on the same.

(113) Deputation to Sir Basil Blackett re : Trade deflection of Bombay Port:

The Committee were requested by the Sugar Merchants' Association, Bombay to join in the deputation arranged by it of representatives of several Associations to wait on the Hon'ble Sir Basil Blackett, Finance Member to the Government of India, to discuss the question of trade deflection of the Bombay Port owing to unfair competition from some Kathiawar Ports. They in reply informed the Sugar Merchants' Association that they had full sympathy with the object underlying the proposed deputation. They expressed the desire of joining the same on the understanding that the deputation would only discuss the question of the trade deflection of Bombay Port and impress upon the Hon'ble the Finance Member the necessity of a Committee commanding the confidence of the Indian commercial community to investigate into the causes of the same. The Association being unable to see its way to accept the condition of the Chamber or the terms mentioned by the Committee, the Chamber withdrew from the same.

(114) Removal of Match Factory from Santa Cruz*(Vide item No. 124 of the Chamber's Report for 1926.)*

The attention of the Committee was drawn by a member firm to the insistence of the Government of Bombay regarding the removal of their match factory from Santa Cruz on expiry of their license in May 1927. The Committee, thereupon, addressed the Government of Bombay stating that the location of that factory did not in any way disturb the population of that suburb and its removal would therefore mean an unnecessary expense and trouble to its owners. After a prolonged correspondence, the Government of Bombay agreed to hold in abeyance the orders for the removal of the factory pending the decision of the Government of India on the Tariff Board's report on the match industry. The Government further observed that the Company would have to make arrangements for its removal to another site within a period of three months after the decision of the Government of India was known.

(115) Industrial Housing Scheme of the Development Department.*(Vide item No. 130 of the Chamber's Report for 1926.)*

The Committee after carefully considering the Report of the Special Advisory Committee on the Industrial Housing Scheme, informed the Government that their views had been embodied in the separate report of their representative, Mr. Manu Subedar. They enquired of the Government what provision, if any, they had made to prevent any recurrence of mistakes of the kind. They expressed their dissatisfaction with the system of accounts; and urged the Government to negotiate with the Bombay Municipality for handing over the remnant of their unfortunate housing enterprise. The Government in reply informed the Committee that the scheme was originally placed before the Bombay Legislative Council and pointed out that except some experimental construction by departmental agency, at the outset, practically the whole scheme was carried out by placing contracts. As regards the

cost of management the Government stated that the most recent figures for 1926-27 showed that it was 14 per cent. of the receipts last year and not 50 per cent. as calculated by the Committee. The Committee further addressing the Government enquired of them why no meeting of the Advisory Committee was called for a very long time. They also emphasised the necessity of merging the Development Department with the P. W. D. and enquired of the Government what constitutional safeguards had been suggested to prevent the recurrence of such large and wasteful outlays of the kind resulted from the activities of the Development Department. They also enquired why the Advisory Committee was not asked to make their recommendations on the Suburban Scheme of the Government of Bombay, which also had involved great loss. The Government in reply informed the Committee that all schemes involving expenditure would be subject to the security of the Legislative Council in the usual way. The Committee recording this letter resolved to ask their representative on the Bombay Legislative Council to move a resolution to the effect that in view of the financial miscarriage of Government enterprise in the matter of the Development Department, all schemes involving capital expenditure exceeding one lac of rupees should be considered by a Committee of the Council and sanctioned by the Council before they were launched. The Committee afterwards asked the Government if they had information regarding the overcrowding in the city. They further suggested that if that information was available, the congested areas might be tapped by still reducing the rents of the Development chawls. The Government in reply informed that a further reduction of rents would merely involve them in a loss of rent without any corresponding advantage in the shape of increased accommodation of the working class.

(116) Certificate of freedom from disease for hides and skins:—

It was suggested by the Director-General of Commercial Intelligence and Statistics that steps should be taken by shippers in India to ensure that as far as possible consignments of hides

and skins intended for the United Kingdom were free from anthrax. It was also suggested that the examination of each consignment prior to shipment by a qualified veterinary surgeon who would furnish a certificate to the effect that the goods were free from anthrax, would be an effective means of reducing the risk of infection from that source. The Committee having been asked whether they had any objection to the adoption of such a policy, informed the Director-General that they would be glad to issue such certificates and the necessary arrangements would be made in due course to undertake that work.

(117) Scale of fees for Private analytical work by Chemical Analyser to Government.

(Vide item No. 103 of Chamber's Report for 1926) :—

The Committee carefully considered the table prepared by the Surgeon General with the Government of Bombay showing the rates of fees at present charged for private analytical work at the Laboratory and those proposed by him to be levied in future. They protested against the much higher scale of fees proposed by the Surgeon-General. While they did not press for any reduction in the present scale, they were opposed to any increase in the same, as suggested by the Surgeon-General with the Government of Bombay.

(118) Demand for the Commercial size postal envelopes.

The Committee were informed by the Director-General of Posts and Telegraphs that as there was little demand for commercial envelopes, measuring 6 by 3½ inches, it was suggested that their manufacture might be stopped. Their opinion being invited on the same, they informed the Director-General that if publicity propaganda for attracting the attention of the commercial public to the envelopes was carried, suitable response would be forthcoming. The Committee also expressed their willingness to co-operate with Government in making these envelopes popular.

(119) Levy of Fees for Electrical Inspection in Factories :—

The attention of the Committee having been drawn by a member to the imposition of heavy charge for the service of Government Electrical Inspectors since 1st January 1927, they addressed the Government of Bombay stating that the scale of fees fixed by them would prove very injurious to the local and other factories. They particularly pointed out that the scale provided a fee of Rs. 20 for a capacity of 50 to 100 K.W., whereas for a capacity of 100 to 500 K. W., it was fixed at Rs. 150, which was very high and disproportionate. In view of the hardship the Bombay Mills and Factories would have to bear by such high charges, the Committee urged the revision of the present scale so as to accord the much needed relief to the local factories and mills. The matter is still under correspondence.

(120) Publication of the Proceedings of the Mt. Abu Conference re : Kathiawar Ports question.

With reference to the decision of the Government of India following the Mt. Abu Conference regarding the re-imposition of Land Custom Lines on the border line of Kathiawar, and the subsequent communiques issued by them the Committee requested the Government to be pleased to publish in full a report of its proceedings to remove misapprehension as there were various and conflicting reports appearing in the public press. The Committee in reply were informed that the Government of India would issue further information after considering the proceedings of the Conference. They did not propose to publish the proceedings.

(121) Encouragement to Indian Insurance Companies :—

The Committee being requested by the Indian Insurance Companies' Delegation, appealed to the member of the Chamber to place their Fire, Marine Motor-car and other classes of Insurance with Indian Insurance Companies only. They particularly drew the attention of members to the fact that about Rs. 10 crores were annually exploited from this country by foreign

insurance companies in the shape of premium. They further emphasised the necessity of encouraging the indigenous Insurance companies, and expressed the desire that members would readily respond to their request by practical example.

(122) Employers' Delegate and Advisers for the 11th International Labour Conference to be held at Geneva in 1928 :—

The Committee addressed the Government of India, Industries Department, recommending Mr. Narottam Morarji, Chairman, Scindia Steam Navigation Company, as Employers' Delegate and the following gentlemen as his Advisers for the above Conference :—

Mr. D. P. Khaitan,

„ Shanmukham Chetty, M. L. A.,

„ P. Mukerji, President, Punjab Chamber of Commerce.

and

„ K. M. Desai, Secretary, Burma Indian Chamber of Commerce.

(123) Revision of the list of imported cotton piece-goods :

The Committee being invited by the Director General of Commercial Intelligence & Statistics, Calcutta, to suggest changes if any, in the revised list of imported cotton piecegoods for purposes of assessment under item 103 of the Import Tariff Valuation Schedule, informed him that they had no modification to suggest therein.

(124) Fifth Session of the Indian Industrial and Commercial Congress at Madras.

The Committee were informed by the, Hon. Secretary, Madras Session of the Indian Industrial and Commercial Congress that the 5th Session of the Congress would be held at Madras on the 29th and 30th December 1927, under the auspices of the

Federation of Indian Chambers of Commerce, under the Presidency of Sir Ibrahim Rahimtulla, K. C. S. I., C. I. E. They forwarded some resolutions to be moved in the Congress and resolved to send as many Delegates as possible to represent the Chamber.

(125) First Annual Session of the Federation of Indian Chambers of Commerce :—

The Committee, being asked to nominate four members to represent the Chamber at the First Annual Session of the Federation of Indian Chambers of Commerce, at Madras, nominated the following four gentlemen :—

- (1) Sir Purushottamdas Thakurdas, Kt. M. L. A.
- (2) Sir Dinshaw M. Petit, Bart.,
- (3) Mr. B. F. Madon
- (4) Mr. Mavji Govindji Sheth.

(126) 33 and 1/3 per cent Sur-tax on Solicitors' Fees : and Compulsion to engage two counsels in all long causes of over Rs. 5,000/-:

The Committee addressed the Prothonotary and Registrar of H. M. 's High Court, Bombay, regarding the above on the 15th November 1927 stating that the condition under which the 33 & 1/3 per cent Sur-tax on Solicitors' fees was allowed from 1919 had completely changed and the present cost of litigation which was abnormally high told heavily on the commercial community of the City. They, therefore, suggested that the extra charge of 33 and 1/3 per cent should be abolished at an early date. The Committee next drew the attention of their Lordships to the High Court compelling the litigants to engage two counsels in all long causes of over Rs. 5,000/- and pay the double fees. They observed that the compulsion was not only a hardship, but the litigating public never got the benefit of the assistance of one of these two counsels at the trial. They, therefore, suggested that the Taxing Matter should be instructed not to allow fees of two counsels in suits where only one had actually appeared at the trial.

(127) Mining Concessions to Messrs. Lalan & Co. in the Belgaum District :

Messrs. Lalan & Co. a member of this Chamber and interested in mining business, had applied to the Collector of Belgaum for several concessions in that district in February 1926, most of which were turned down on the ground that the Conservator of Forests did not think it advisable to issue any more licenses in the Forest Areas of that district. The matter was entrusted to the Committee, who after a very prolonged correspondence with the Government of Bombay got the assurance that the applications made by Messrs. Lalan & Co. for mining concession in Belgaum district, pending the promulgation of Government orders on the report of the Director of the geological Survey of India on the mineral wealth of forest areas of the district, would be kept alive.

(128) East African Federation Commission and Joint Deputation of the Government of India and the Mill-owners of India :

The Indian Merchants' Chamber and Bureau of Mombasa, East Africa, wrote to the Committee that Kunwar Maharaj Singh and Mr. Ewbank were appointed by the Government of India as advisers and helpers to the Indians in Kenya and adjoining territory for placing their case before the East African Federation Commission. The Mombasa Chamber invited the Committee's views on the same and also as regards the Joint Deputation of the Government of India and the Millowners. The Committee in reply informed them that the Indian commercial community would do well in placing their case fully before Kunwar Maharaj Singh and Mr. Ewbank and Dr. Meek and Mr. Malony. As regards the Meek-Malony deputation, the Committee informed the Mombasa Chamber that the same was charged to explore possibilities for new markets in Africa for Indian cotton piece-goods. As regards the appointment of Indian Trade Commissioners in Africa, the Committee promised to urge the Government of India to do the needful after the Meek-Malony Committee submitted their report.

(129) Invidious clause in the Fire Insurance Tariff of the Calcutta Fire Insurance Association :—

The attention of the Committee was drawn to a clause in the Fire Insurance Tariff of the Calcutta Fire Insurance Association laying down " that no cover be issued to any native, i. e., Hindu or Mahomedan, until the premium shall have been paid and that no risk shall commence until date of payment, etc." The Committee enquired of the Association whether such a clause appeared or not in their Tariff clauses; and if it was a fact it was an invidious clause which ought to be expunged immediately. The words " native, i. e., Hindu or Mahomedan " used in the said clause, they observed, were very insulting. The Committee hoped that the Association would remove the clause as soon as possible.

(130) Appointment of Mr. W. O. A. Young, as Mechanical Engineer (Electric) by the Bombay Port Trust :—

The Committee addressing the Government of Bombay, General Department, protested against the appointment of Mr. W. O. A. Young in place of Mr. Bowers as Mechanical Engineer (Electric) on Rs. 600 per month rising to Rs. 1000 by annual increments of Rs. 50. When this question came before the Committee of the Port Trust they sanctioned the proposal of the Chief Engineer with regard to the appointment of Mr. Young, Mr. L. R. Tairsee and Mr. Meyer Nissim dissenting on the ground that applications by advertisements should first be invited. In the regular meeting of the Board all the five Indian Trustees who were present were opposed to the appointment which was however sanctioned by the majority. The Committee endorsed the opinion that Indians with perhaps even better qualifications could have been found probably on a lesser salary if proper efforts had been made by advertisements in the Press. They trusted that Government would be pleased to make enquiries with regard to the appointment of Mr. Young and to veto it if they were convinced that it went against the principle of Indianisation of Port Trust services.

(131) Changes in rules for the working of Trunk Line Telephones:—

The Committee addressed the Director General of Posts & Telegraphs, to the effect that the charge for the trunk telephonic messages over and above the scheduled three minutes period should be levied for per minute extra instead of by units of 3 minutes as at present because there was no extra trouble to the operator in continuing the connection which had already been given. The Committee also suggested that no fees should be charged unless there was a complete call meaning that the connection had been obtained with the particular individual required. The matter is still under correspondence.

(132) Inspectors of Factories, Steam Boilers and Mechanical Engineers:—

The Committee requested the Government to supply them with information regarding the (1) total number of posts of the Factory & Boiler Inspectors and Mechanical Engineers and their salaries at present; (2) how many of those posts were held by Indians and on what salaries; and how many of those were held by non-Indians and on what salaries. They further suggested that as capable Indians were now available for the posts of Boiler & Factory Inspectors and Mechanical Engineers those services should be Indianised as far as possible. In reply the Committee were informed that out of 8 posts in the Factory Department five were held by Indians and that an equal number out of 11 posts in the Boiler Department were also held by Indians. The Committee thereupon enquired of the Government as to how many such posts there were before 5 years in those Departments and the nationalities and salaries of their incumbents (2) and the number of new posts created during the last 5 years (3) and the nationalities and salaries of the persons holding the same.

(133) Match Industry—Supply of suitable wood to indigenous match manufacturing concerns:

(Vide pp. 540-543 of the Chamber's Report for 1924 and pp. 508-9 of the report for 1925):—

In this connection the Government of Bombay, Revenue Department stated that at present the supplies of suitable wood were small and scattered. They, however, informed the Committee that steps were being taken to promote and preserve the existing growth of suitable match-wood trees.

With regard to the grant of concessions to the Western India Match Mfg. Co., Ltd., Ambarnath, the Government observed that they were given the concession of direct extraction as none of the coupe contractors were willing to extract the wood for sale to them. They added that no concession of direct extraction would be given to any single match manufacturing company in future without equal opportunities being offered to all match factories.

The Committee also wrote to the Government of Bombay on 2nd September 1927 regarding inviting tenders for softwood and mangowood in Kolaba district giving only a week's time. They observed that the time was very short. The Government of Bombay in reply stated that the sale by tender of matchwood in the Kolaba District was notified last year whether and the intending tenderers were allowed one full month to enable them to examine the areas, etc.

(134) Representation of the Indian Chamber of Commerce, Calcutta re Concessions and facilities to Coastal Trade.

The Indian Chamber of Commerce, Calcutta, forwarded a copy of the representation submitted by them to the Government of Bengal, Marine Department, on the subject of preferential treatment to Coastal trade and shipping. The Calcutta Chamber requested the Government to recognise and introduce the principle of granting concessional rates at the Calcutta Port to Coastal vessels and coastal traffic. The Committee were requested to

support their representation, when the same came up for discussion at the Bombay Port Trust. The Committee while thanking the Calcutta Chamber for the facts mentioned in their representation regretted their inability to express any opinion on the same at this stage.

(135) Interview with Mr. G. D. Birla, M.L.A., President, Indian Chamber of Commerce, Calcutta :—

The Committee had an informal interview with Mr. Ghanshyamdas Birla, M.L.A., on Thursday the 29th September 1927, when questions relating to the nomination of representatives of Employers as Delegates and their Advisers at the International Labour Conferences held annually in Geneva were discussed.

(8) INTERVIEWS WITH GOVERNMENT OFFICIALS.

(136) Interview with the Hon. Mr. Cowasji Jehangir, General Member of the Government of Bombay.

The Committee had an interview with the Hon'ble Mr. Cowasji Jehangir on Thursday the 17th February 1927, at 5 P. M. when the following subjects were discussed :

- (1) Proposed rules of the Government of Bombay with regard to Purchase of Stores.
- (2) Increase in the number of Indian Trustees of the Board of the Bombay Port Trust.
- (3) Indianisation of the Port Trust Services and,
- (4) Report of the Back Bay Inquiry Committee.

(137) Interview with the Hon'ble Sir George Rainy.

The Committee had an interview with the Hon. Sir George Rainy, K. C. I. E., Member of Commerce and Railways, Government of India, on Thursday, the 7th April 1927 at 12 noon, when the following questions were discussed :—

- (1) Report of the Indian Mercantile Marine Committee ;

(2) India's representatives at the International Economic Conference ;

(3) Indian Insurance Bill ;

(4) Publication of the Textile Tariff Board's Report ;

(5) Deflection of trade from Bombay Port ;

(6) Protection to Chemical and Salt Industries ;

(7) Commercial Representation on the Railway Board ;

and

(8) Surplus locomotives and wagons.

(138) Interview with Mr. A. A. L. Parsons, Financial Commissioner of Railways, Government of India.

The Committee had an interview with Mr. A. A. L. Parsons, Financial Commissioner of Railways, on Wednesday, the 8th June 1927 at noon, when the question of surplus wagons and locomotives was discussed.

(139) Interview with Mr. A. R. L. Tottenham:

The Committee had an interview with Mr. A. R. L. Tottenham, C.I.E., I. C. S. Member, Central Board of Revenue, on Tuesday the 13th September, 1927, when the following questions were discussed :—

(1) The question of the levy of Income-tax on Employers' contributions to Provident Funds,

(2) Abolition of Company Supertax ;

(3) Inquisitional procedures (i. e. Under the law the Income-tax authorities have power to call for any information from a given assessee that may enable them to test the correctness of his income, but this power is unduly misused to get information not about that particular assessee but about other people that he may be dealing with and their income),

(4) After submitting the Return and Statements of Accounts

if any query is made it should be in regard to a particular item only ;

(5) Difficulties raised at the time of refund ;

(6) Refund on securities issued tax-free ;

(7) Allowances :—

(1) Meagre, customary, daily expenses of business firms ;

(2) Strict provision for Bad Debts ;

(3) Income-Tax on interest on deposit and accounts of non-residents ;

(4) Charities other than big amount of personal charities should be allowed as a charge against the business.

(8) Free supply of full copies of proceedings of Income-tax assessment to the assessee ;—

(9) Income-tax on Insurance Brokerages and Commission paid, at source.

(140) Interview with the Director General of Commercial Intelligence & Statistics, Calcutta.

The Committee of the Chamber had an interview with Dr. D. B. Meek, Director General of Commercial Intelligence & Statistics, on the 28th November 1927 to discuss the Annual Revision of Tariff Valuations.

(141) Interview with the Hon'ble Mr. E. Burdon, C.S.I., C.I.E., I.C.S., Secretary to the Government of India, Finance Department :—

The Committee had an informal interview with the Hon'ble Mr. E. Burdon, the Finance Secretary of the Government of India on Tuesday, the 28th November 1927, when the following subjects were discussed :—

(1) Deflation in the Currency.

- (2) Omission of foot-notes in the weekly statements issued by the Currency Department.
- (3) Policy of the Government re : sale of silver.
- (4) Publication of list of approved Banks, firms, etc., from whom the Imperial Bank may purchase Sterling by public tender.
- (5) The Indian Navy Bill.

(9) GENERAL.

(142) Re-organisation of the Development Department.

The Government of Bombay forwarded for the information of the Chamber a copy of the Government Press note on the above subject. The Committee requested the Government to let them know what would be the exact position of the present Advisory Committee to the Development Department in view of the reorganisation. Afterwards the Government informed the Committee of the appointment of a new Advisory Committee to the Development Department.

(143) Bombay Port Trust Election.

The following gentlemen were unanimously re-elected as the Chamber's representatives on the Bombay Port Trust for a period of 2 years.

Sir Purshotamdas Thakurdas Kt. M.L.A.,

Hon'ble Sir Manmohandas Ramji.

Lalji Naranji, Esq., M. L. C.,

L. R. Tairsee, Esq.,

M. C. Mattani, Esq.,

(144) Indian Troops to China.

A letter was received from Mr. Shapurji Saklatwala, M. P. requesting the Committee to take prompt measures to raise a protest against the British military intervention in China ;

and in particular the using of Indian troops; civilians and resources. A letter was also received from Mr. Jaunnadas Dwarkadas requesting the Committee to pass a resolution stating that the Chamber regards the despatch of troops to China without the sanction of the Legislature as a violation of the undertaking given by the Government of India in 1921, concerning the use of Indian troops abroad and the Committee viewed with abhorrence the enforced intervention of India for suppressing China's aspirations for economical, commercial and territorial freedom. The Committee informed both of them that they regretted they could not do anything in the matter.

(145) Death of Mr. Gulabchand Devchand Jhaveri.

The Committee were greatly affected by the sad and premature death of Mr. Gulabchand Devchand Jhaveri, a prominent member of the pearl trade of Bombay and one of the old members. They sent letters of condolences to the family of the deceased in their bereavement.

(146) Appointment of the Agent-General of the Government of India in South Africa.

The Committee sent a telegram on the 16th March 1927 to the Government of India regarding the extreme desirability of appointing an Indian commanding popular confidence as Agent General of Government of India in South Africa under agreement recently arrived at between them and South African Government to ensure its success. They further urged that the staff of the Agent-General should consist of Indians.

(147) Chamber's Representative on the Bombay Social Hygiene Council.

The Committee, being requested by the Chairman of the above Council to send their representative on the same, nominated Dr. Venkatrao of Messrs. N. Powell and Co. as their representative on that Council.

(148) **Congratulations to the Honourable Sir Manmohandas Ramji, Kt., on the honour of Knighthood conferred on him by H. M. the King Emperor :—**

The Committee tendered their heartfelt congratulations to the Honourable Sir Manmohandas Ramji, Kt., on the honour of Knighthood conferred on him by His Majesty the King Emperor, and put on record their appreciation of the fact that the honour had been conferred in recognition of the eminent public services he had rendered to the commercial community in particular and the public in general.

(149) **Fees for testing metres by the Bombay Electric Supply & Tramways Co., Ltd.**

The attention of the Committee having been drawn by a member to one of the rules of the above company by which they asked the consumer to pay Rs. 6/- as testing fee if the accuracy of the metre was doubted, and it was required to be officially tested by the company. They (the Committee) inquired of the company whether such a rule was in accordance with license given to them. They also suggested that the testing fee should be reduced to Rs. 2/- only from Rs. 6/-. The company in reply informed the Committee that as per appendix C, Clause 6 (b) of their Handbook "Conditions and Rates and General Information in connection with the supply of Electrical Energy" which had been approved by Local Government, the Company was entitled to levy the fees for testing metres. The Company regretted their inability to reduce same as desired by the Committee. The letter was recorded.

(150) **Volunteer Police Force Bill.**

The views of the Committee were invited by the Government of Bombay on the Bill to provide for the constitution of Volunteer Police Force introduced in the Legislative Assembly. The Bill provided that in case of emergency the citizens would be required to render assistance to the Police. The purposes for which the force would be entertained were the preservation of the public peace, the protection of the inhabitants and the country where

it was organised. The Committee, in offering their opinion, observed that the bald and deplorable fact remained that the people of the country were still grudging the opportunity and scope of fitting themselves to render to the country voluntary military services. That being so, the creation of a Volunteer Police Force was but the gift of a crumb while the bread was being still denied. As regards the policing duties of volunteers to be entrusted to the youngmen of the middle and upper middle classes under the proposed scheme, the Committee suggested that the same should be such as would be in keeping with the class from which the majority of volunteers would be forthcoming. They further suggested that the District Magistrate alone should not select and enroll volunteers but that he should be assisted in the districts by a representative Committee. It was quite possible that men of light and leading and high position might choose to become members of the Force, and the Committee thought that for such people even a higher rank than that of an inspector should be provided. In order to maintain the permanent character of the Volunteer Police Force, they suggested that some provision should be made for their training.

(151) Small types of the Bombay Telephone Directory.

A complaint was received from a member-firm that the latest Directory of the Bombay Telephone Co., was printed in so very small types that it was difficult to consult the same. The Committee thereupon requested the Telephone Company to revert to the old system of printing the Directory at the time of the next edition. They were informed, in reply, by the Telephone Co., that the Committee's suggestion would receive the Board's careful consideration.

(152) Appointment of Assistant Accountant in the Calcutta Port Trust.—

The Committee wrote a letter to the Government of India, Department of Commerce, emphatically protesting against the action of the Calcutta Port Trust regarding the question of the appointment of an Accountant. The advertisement appearing

in the Times of India of the 29th August 1927 invited applications from fully qualified Chartered Accountants, both Europeans and Indians for the post of an Assistant. There were but a few Indians who were Chartered Accountants. Moreover the Incorporated Accountants were equally efficient and had been so acknowledged in England by the highest authorities in that country. They, therefore, observed that the attitude of the Calcutta Port Commissioners in restricting the appointment to Chartered Accountants only was not only calculated to boycott the Indian talent available for that work, but was likely to create serious suspicion in the minds of the public with regard to the intentions of the Government of India to Indianise the higher grades in the Services of the Port Trusts and thus carry out the already recognised policy of the Government of India. The Government in reply informed the Committee that the appointments to posts under Rs. 1000 were solely under the jurisdiction of the Port Trust, and therefore they regretted they could do nothing in the matter. The Committee thereupon again addressed them stating that the question was of a vital principle and as such should be settled by the Government. They further drew the attention of the Government to the proposed recruitment of Chartered Accountants for the Railway Department and strongly protested against the same.

(153) Shrinkage in Back Bay Block No. 8.

The Committee wrote to the Government of Bombay, Development Department, regarding the shrinkage in plots of the Block No. 8. They observed that they had reasons to believe that the percentage of shrinkage of the plots had far outweighed the liberal allowances made by the Neilson Committee and the revised estimates of the Government of Bombay. They further pointed out that the Government of India, Military Department were not likely to take over the plots of the said Block unless they had completely settled down. The Committee therefore, requested the Government to inform them as to the actual shrinkage in the Block No. 8 and the probable date by which the Government of India might take up the same. The matter is still under correspondence.

(154) Interview with Mr. Shapurji Saklatvala M. P.

The Committee had an interview recently with Mr. Shapurji Saklatwala M. P. when some questions regarding trade and industry of the country were discussed.

(155) Removal of Gymkhanas from Marine Lines to the newly reclaimed blocks of the Development Department near Colaba:—

Mr. Walchand Hirachand, President, the Chamber's representative on the Back Bay Layout Committee drew the attention of the Committee to the proposals of the Development Department, Bombay Government, to remove the present Gymkhanas from the Marine Lines grounds to Block No. 7. The Committee after carefully considering the question requested Mr. Walchand Hirachand to strongly oppose the said proposals in view of the fact that the present recreation grounds were in easy reach of the middle class citizens of Bombay and they were very convenient from every point of view.

(156) Flood disaster in Gujarat, Kathiawar and Sindh:—

The Committee sent a telegram on 30th July 1927, to the Private Secretary to H. E. the Governor of Bombay urging on the Government to organise relief immediately in the flood-stricken areas in the country. They further expressed the hope that adequate and effective relief measures would be promptly organized and worked in a broad and liberal spirit to mitigate as far as possible human suffering. The Committee in reply were informed that all steps possible would be taken to relieve distress.

(157). Loss of s. s. "Tukaram" and "Jayanti":

The Committee expressed their heartfelt condolences to the bereaved families of the persons drowned in sea due to the mishap that overtook the s. s. "Tukaram" and "Jayanti" within a few miles from the Bombay harbour on the 12th November 1927.

The Committee also enquired of the Government of India as to what legislative enactments were there regarding the safety

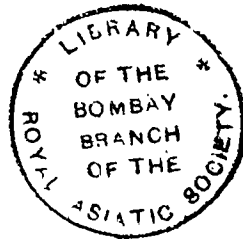
of passengers in the steamer plying on the Indian Coast. The reply of the Government is awaited.

(158) Membership of the Chamber.

There were at the end of the last year 452 members. During this year 21 have joined and 33 have discontinued their membership (out of whom 18 resigned, the names of 27 were struck off under the rules of the Chamber on account of their subscription having remained in arrears for more than one year, 6 have closed their business and two members died.) leaving at the end of the year 440 members.

(159) Balance Sheet.

The Balance sheet of the Chamber audited by the Chamber's auditors Messrs Devidas Vithaldas & Co., is appended herewith.



THE INDIAN MERCHANTS' CHAMBER.

Statement showing Incomes and Expenditure Account from 1st January 1927 to 31st December 1927.

EXPENDITURE.		Amount.	
		Rs. a. p.	Rs. a. p.
To Office Establishments, Rent, Insurance etc.	...	...	25,361 4 9
" Postage and Telegrams	...	...	1,102 8 0
" Miscellaneous Expenses	...	...	230 10 0
" Subscriptions to Newspapers & Journals	...	...	966 2 7
" Stationery.	...	...	1,075 6 9
" Printing Chamber's Reports and Representations.	...	...	3,755 0 0
" Printing Chamber's Journal.	...	...	1,801 12 0
" Commission on Advertisements.	...	...	141 0 0
" Carriage hire.	...	...	277 13 0
" Chairs hire.	...	...	54 0 0
" Auditor's fees.	...	...	100 0 0

" Furniture and Fittings.	...	...	...	483 6 0
" Bank Commission.	...	...	...	0 11 0
" Membership Subscription to the Federation of Indian Chambers of Commerce (1927).	...	...	...	300 0 0
" Public Meeting. (Chamber's share towards expenditure of a Public Meeting held at Sir C. J. Hall on the 7th June 1927 to bid God-speed to Rt. Hon. Srinivas Shastri on the way to South Africa.)	...	...	...	9 0 6
" Cost of books on Economics, Currency and Exchange. (From surplus of Sir P. T. Entertainment Fund.)	...	...	...	162 2 6
" Commercial Examinations (including capital expenditure as printing charges for Question papers, Syllabus, and Examination note-books, etc.)	...	...	...	764 15 0
" Removal of Office.	...	...	...	171 0 0
" Election Deposit (Returned to Seth Lalji Naranji)	...	...	...	250 0 0
" Balance of the Commercial Congress handed over to the Federation of Indian Chambers of Commerce as per Committee's resolution.	...	...	...	1,201 12 0
<i>Cash and Investments at Cost :—</i>				75
4% Port Trust Bonds	...	...	...	38,208 8 1
6½% Development Loan.	...	...	...	2,025 0 0
				5,000 0 0
<i>Capital Fund :—</i>				
Central Bank of India, Ltd., Current account	...	...	...	11,400 0 0
5% Govt. Loan (1945-55)	...	...	...	5,918 1 8
The Central Bank of India, Ltd., Current account	...	...	...	4,146 6 11
The Bank of India, Ltd., Current account	...	...	...	50 2 4
Cash on hand.	...	...	...	
				5,975 0 0
				5,425 0 0
				67,048 3 0
				Grand Total...

INCOME.

Amount.

By Balance brought forward

Rs. a. p.
29,341 4 10

Capital Fund Account:—

21 New members at Rs. 100 each

Rs. a. p.
2,100 0 0

Payment received in advance of 4 members at Rs. 100 each

400 0 0

Membership Subscription:—

358 Resident members at Rs. 75 each

26,850 0 0

41 Limited Companies at Rs. 100 "

4,100 0 0

31 Mofussil members at Rs. 25 "

775 0 0

12 Association members at Rs. 125 "

1,500 0 0

Amount written off of one member recovered (2 ans. in a rupee on Rs. 60 as per Liquidator's Award.)

7 8 0

Outstandings realised.

2,300 0 0

2,500 0 0 76

35,532 8 0

Less Subscriptions outstanding.	...	...	...	2,750
" Last Year's bad debts, of 16, resident members, 15 at Rs. 75 and 1 at Rs. 100	...	...	...	1,225
Payment received in advance of five members, 2 at Rs. 75 2 at Rs. 25 and 1 at Rs. 100	...	...	...	...
Subscriptions to Chamber's Journal	...	...	...	...
Advertisements in "	...	...	...	...
Interest on Investments and Current accounts.	...	...	...	...
Sale proceeds of Members' Lists,	...	...	...	...
Do. Old newspapers etc,	...	...	...	...
Do. Syllabus for Commercial Examinations	...	...	...	...
Do. Question Papers of Com. Examinations	...	...	...	...
Fees for issuing Certificates of Origin	...	...	...	...
Fees for Commercial Examinations	...	...	...	...
Surplus of Sir P. T. Entertainment fund	...	...	...	...
				3,975 0 0
				31,557 8 0
				300 0 0
				291 3 0
				455 8 0
				942 5 2
				52 0 0
				17 6 0
				42 13 0
				3 6 0
				415 0 0
				690 8 0
				439 5 0
				67,048 3 0
				77

У. К. МЕНТА,

Secretary.

WALCHAND HIRACHAND,

President.

‘We have examined the above account of Income and Expenditure with books and vouchers of the Indian Merchants’ Chamber and certify the same to be correct.

DEVIDAS VITHALDAS & Co.

Auditors.

K. N. Sailor Press, 3, Chowpati Road, Bombay 7.

(A) RAILWAYS AND SHIPPING

(A) RAILWAYS.

APPENDIX I.

INTERMISSION OF GOODS TRAFFIC ON INDORE-MALWA RAILWAY LINE.

No. G/521 dated 29th March 1927.

**From Chamber to Sir Purshotamdas Thakurdas, Kt.,
C. I. E., M. B. E., M. L. A., BOMBAY.**

I am directed to send a copy of a letter received from the Akbar Manufacturing and Press Co., Ltd., on the above subject and to request you to take the matter up in the local Advisory Committee of the B. B. & O. I. Ry. Co. The result of your enquiry may kindly be forwarded to me.

Copy of letter from the Akbar Mfg. & Press Co., Ltd. dated 25th January 1927.

"We would like to lay before you that the commercial public who are dealing with stations on the Indore Malwa Railway are put to very considerable inconvenience by the Railway authorities stopping all goods traffic on this Railway from time to time. Within the last month it has happened that the railway has been working for not more than half the number of days. We shall be obliged if you will take up this matter on behalf of ourselves and other merchants who are in consequence of this action of the Railway put to no end of inconvenience and loss.

We understand that representations have already been made to the G. I. P. authorities through the Advisory Committee at Nagpur because the connection of the Indore Malwa Railway is at Khandwa, which is on the G. I. P. However, G. I. P. Authorities refused to do anything in the matter because they said that the matter was not in their control. We shall, therefore be obliged if you will ask the representative of the Chamber on the B. B. & C. I. Advisory Board to press this point and see that in future the commercial public is not put to this kind of inconvenience. We beg to thank you in anticipation and remain."

Extract from the proceedings of the 31st meeting of the B. B. & C. I. Railway Local Advisory Committee on 28th April 1927 :--

"8. Intermission of goods traffic on Indore-Malwa Railway Line.

The following remarks of the General Traffic Manager explain the position clearly :--

In December last, cotton seed traffic from the G. I. P. Ry. via Khandwa was unusually heavy and on account of the limited capacity of our Ghat section between Mhow and Kalakund, it was found necessary in the 2nd week of December to impose a restriction of 40 Broad gauge wagons per day which was the maximum number received in any busy season before.

This number was further reduced to 30 in the week ending 25th December 1926, so that traffic for north of Kalakund from stations in the south might not be unduly restricted.

Meantime complaints were received of the shortage of coal at Indore owing to these restrictions, and in consultation with the G. I. P. Railway it was arranged on the 15th February 1927 to divert C. P. coal for Indore via Ujjain at the rates quoted via the Ujjain route.

As soon as the traffic via Khandwa became normal, the restrictions were cancelled in the first week of March and the coal traffic was then also allowed to come by the usual route via Khandwa.

Traffic via Khandwa is not restricted as a rule, unless it becomes absolutely necessary owing to the limited capacity of our Ghat Section. There is no dearth of wagons, nor has a restriction been necessary for any other cause on the Malwa Section.

Referring to the "limited capacity" of the section between Mhow and Kalakund, the Chairman explained that this is a heavy Ghat Section with two long viaducts and two large bridges called the Choral bridges. These bridges are to be renewed very shortly in order to permit heavier engines to run on the line but until this is done, trains have to be broken up at the foot of the ghats as the engines now running on this section can only take a limited number of wagons."

APPENDIX 2.

DEFLECTION OF TRADE FROM BOMBAY OWING TO TRANSFER OF DELHI UMBALLA-KALKA RAILWAY FROM EAST INDIAN RAILWAY TO THE N. W. RAILWAY.

**From the Bombay Baroda and Central India Railway Company
to Chamber.**

No, T/344, 14th December 1926.

In connection with the recent investigations made by the Chamber in regard to the important question of the diversion of traffic from the Port of Bombay, I beg to invite your attention to certain facts in connection with the recent transfer of the working of the Delhi-Umballa-Kalka Railway from the agency of the East Indian Railway to the North Western Railway.

2. In 1891/92, when the D. U. K. Railway was first opened for traffic, the working of the line was entrusted to the E. I. Railway by the Secretary of State, and, at that time, it was specifically provided in the Contract between the Secretary of State and the E. I. Railway at the request of this Administration that the D. U. K.

Railway should not give undue preference to any particular railway route. Furthermore, it was decided by the Secretary of State that the E. I. Railway should be restrained from quoting "through" rates on traffic originating on the D. U. K. Railway so as to enable the three main sea ports of Bombay, Calcutta and Karachi respectively to have equal opportunities to receive the traffic. Had such a proviso not been made, the E. I. Railway as the working agency of the D. U. K. Railway would undoubtedly have quoted "through" rates over the D. U. K. Railway cheaper to their own stations and to Calcutta in particular.

3. As the D. U. K. Railway is now an integral portion of the N. W. Railway and not a line of separate ownership worked by that Administration, the Railway Board have decided that the Secretary of State cannot pledge himself to impose any conditions beyond the usual control exercised by Government in the case of other lines to prevent undue preference and therefore they are disinclined to impose the previous condition which prevailed when the D. U. K. Railway was worked by the agency of the E. I. Railway.

4. It is possible that as a result of this transfer to the N. W. Railway the export traffic, which previously was received in Bombay, is being diverted to Karachi and I should be glad if your Chamber could give me any indication whether, in their opinion, traffic has been so diverted. As you are doubtless aware, the bulk of traffic from the areas served by the D. U. K. Railway consists of grain and as no differentiation is made in the booking to Bombay between local and export traffic, it is not possible for this Administration to ascertain whether the export traffic from Bombay has been affected. If you could, therefore supply me with any information on this point, I should be grateful.

No. G. 288, dated 17th February 1927.

From Chamber to the B. B. & C. I. Railway, Bombay.

I am directed to acknowledge receipt of your letter No. T. 344 dated 14th December 1926 on the subject of the transfer of the

Delhi-Ambala Kalka Railway to North-Western Railway and to state that this Chamber has not got any figures to show the effect of the above transfer on the trade of Bombay.

APPENDIX 3.

FREIGHT ON THE N. W. RAILWAY ON THE
SECONDHAND CLOTHING.

From the Karachi Buyers & Shippers Chamber to Chamber.

No. 256, dated 5th January 1927.

I am directed by my Chamber to forward herewith a copy of a letter received by this Chamber from a member for support of the Chamber.

But some of the members of the Committee objected to the support being given on the ground that the business is prejudicial to the interests of the Piece-Goods industry of the country and sentimental reasons against use of 2nd hand-clothing.

The point being rather ambiguous, my Chamber would invite opinion of your Chamber as to its fitness for support and I shall feel obliged if you will please let me have the reply at an early date.

Thanking you in antioipation.

(Copy)

From Dealers in Secondhand Clothing at Karachi to North
Western Railway, Lahore.

Karachi 16-12-1926.

We the undersigned dealers in Second hand Clothing and importers

carrying on business at Karachi, beg to approach you with the following grievances affecting our business in the fullest hope you will kindly take steps to afford us necessary relief herein sought for.

We beg to state that for the purpose of Railway freight Second Hand Clothing is put under the classification "Wearing Apparel" in the goods Tariff and is chargeable under class 4 & 6. and no distinction is made between new and old clothing like other articles.

The Railway does not recognise the distinction between new and 2nd Hand or old articles in so far as Old Tins, "Drums" etc etc., are concerned but how old coats and similar articles of small value have been put down under the present classes viz 4 & 6 appears most surprising.

We therefore request that all sorts of secondhand clothing be charged under class 2 and the heading be given "Second Hand Clothing".

In support of our request we beg to mention the following grounds—

1 Secondhand Clothing is exclusively the poorman's commodity and the unreasonably heavy rate of Railway freight as at present charged adversely affects the interest of the weakest section of the community in so far as it adds to the selling price at which a poorman can obtain these articles.

2 Many charitable bodies and Local Authorities like Municipalities, Local Boards, and Relief Committees for the poor always in time of distress especially purchase old coats, jerseys, blankets, etc to clothe the poor and the distress stricken people.

Heavy freight means higher prices for the charitable purchaser.

3. Second Hand Clothing contains besides serviceable articles, old unserviceable, surplus stocks of military garments such as rags of and pugries etc, which are purchased for the paper industry. In view of the Government Policy of protecting this infant industry it would be highly desirable that the tariff in respect of this commodity

should be altered as requested and be placed on the same footing as pressed hemp, jute, Moonj, and Flax.

In the end we strongly hope that our request would receive your early and sympathetic consideration.

No. G. 235 dated 9th February 1927.

From Chamber to the Buyers & Shippers Chamber, Karachi.

With reference to your letter of the 12th January 1927 No. 271, my Committee regret that they cannot support the representation sent by a member of your Chamber asking for reduced railway freights for second-hand clothing.

APPENDIX 4.

COST OF HANDING GOODS IN THE PORT OF BOMBAY:-- RAILWAY FREIGHT ON MANGANESE ORE.

No. 5125-dated Bombay Castle, 18th June 1927.

**From the Government of Bombay Finance Department
to Chamber.**

I am directed to forward herewith copies of the correspondence noted below for the information of your Chamber, and to request that the Government of Bombay may be favoured with the remarks of the Chamber, if any, on the Railway Board's letter No. 1891-T dated 27th April 1927.

1. Letter from the Government of Bombay, Finance Department No. 4155. Dated 18th September 1926 to the Chamber of Commerce, Bombay.

2. Letter from the Government of Bombay, Finance Department No. 5125- D dated 18 June 1927 to the Chamber of Commerce, Bombay, with enclosures,

(copy)

No. 4155 D dated Bombay Castle, 18th September 1926,

**From the Government of Bombay Finance Department
to the Chamber of Commerce, Bombay.**

With reference to your letter No. 15/207 dated the 2nd January 1926, forwarding a copy of your Committee's report on the cost of handling goods in Bombay as compared with other ports I am directed by the Governor in Council to convey the thanks of Government to your Chamber for their valuable analysis of a subject in which this Government is deeply interested, I am to add for the information of your Chamber that this Government has since addressed the Railway Board in the matter of railway freight on manganese ore from the Central Provinces to Bombay and to Calcutta.

No. 5125 dated D Bombay Castle, 15th June 1927,

**From the Government of Bombay Finance Department to
the Chamber of Commerce Bombay.**

With reference to the correspondence resting with this Government letter No. 4155 dated 18th September 1926, I am directed by the Governor in Council to forward for the information of your Chamber copies of the undermentioned correspondence between the Bombay Government and the Railway Board :—

1. Letter from the Government of Bombay, Finance Department, No. 4155 D dated 14th October 1926 to the Railway Board, Simla,

2. Reply from the Railway Board, Simla, No. 1891-T dated 27th April 1927.

The Government of India Resolution, Public Works Department No. 1446 R. T. dated the 12th December, 1887, mentioned in the reply from the Railway Board was published in the supplement to the Gazette of India dated the 24th December 1887 and a copy of the same is also sent herewith for ready reference.

2. I am to add that the Governor in Council will be glad to have the further opinion of your Chamber on the subject.

No. 4155/D. Bombay Castle, 14th October 1926.

**From the Government of Bombay. Finance Department
to the Railway Board, Simla.**

At the instance of the Bombay Chamber of Commerce a thorough enquiry has been made into the various charges which the trade of Bombay has to bear. One point in this analysis which has aroused general comment has been the disparity in railway freights on manganese ore despatched from stations in the Central Provinces to Bombay and to Calcutta respectively. I am therefore directed to address you on this subject.

2. The Bombay Chamber of Commerce remarks "Manganese ore is an article in connection with which Bombay is clearly penalised in respect of railway freight, for the freight, for example, from Tumsar Road Station to Bombay (570 miles) is Rs. 12-1-0 per ton, whereas from the same station to Calcutta (653 miles) the freight is only Rs. 11-10-0 per ton."

3. The Comment of the G. I. P. Railway on this subject is as follows :—

"The cause of the rate to Calcutta being lower than that to Bombay though the distance is greater is because the length from Tumsar Road to Nagpur belongs to the B. N. Railway and they charge over this portion a higher rate per maund per mile than they

do over their line from Tumsar Road to Calcutta, it being in their interest percentage of the capital of the B. N. Railway. are losers thereby, and the trade of the port of Bombay is damaged as the result of what appears to be a vicious policy. I am directed by the Governor in Council to request that the position may be carefully examined through the Railway Freights Committee or otherwise and steps taken to remove the differentiation against Bombay if the examination proves it to be unjustified,

No. 1891, T. Dated Simla, the 27th April 1927.

**From Government of India Railway Department to Government
of Bombay, Finance Department**

In continuation of this office letter No. 1891 T. dated 20th October 1926, I am directed to state that the general principles regarding railway rates and fares in India were laid down in the Government of India Resolution No 1446 R. T. of the 12th December 1887, which was endorsed by the Public Works Department, to your Government under the same number and date. I am to invite the special attention of the Governor in Council to the principles enunciated in paragraph 2 (III) of this resolution. This arrangement has been found generally effective and suitable. It does not militate against the port of Bombay particularly but applies equally to all the ports of India. In the particular case of manganese ore, it enables the Bengal Nagpur Railway to quote more favourable rates to Calcutta than can be quoted to Bombay; but the Railways serving the port of Bombay are equally in a position to protect, in favour of Bombay, traffic originating on their lines.

2. It is clear therefore that no differentiation exists against the Bombay Port specially, and I am to state, for the information of the Governor in Council, that in the circumstances, it does not appear to the Railway Board that any further action in the matter is necessary.

Secretary, Railway Board,

No, 1446 R. T,
GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
RAILWAY TRAFFIC.

Fort William, December 12, 1887.

Railway Rates and Fares in India.

Read again.

Despatch from the Secretary of State, No.132 Railway, dated 19th October 1882.

Public works Department No. 162 R. T., dated 2nd March 1883, to the Government of Bombay.

Public works Department Resolution No, 200 R T., dated 25th

Despatch from the Secretary of State, No. 16. Railway dated 25th February 1886,
February 1886.

Read also.—

Letter from the Director General of Railways, No. 775 T., dated 20th August 1887, and extract from enclosure.

OBSERVATIONS.— In his Despatches read again the Secretary of State expressed the opinion that the rates and fares on Indian Railways should be dealt with as nearly as possible as they would be by independent Companies, i. e. that the Managers of Railways should be left to fix their own rates and fares, that the interests of Railways and trade generally would be better served by accepting the legitimate consequences of competition, and that the interposition of Government would be justified only in cases Where Companies, under the security of a guarantee, might fix rates below what would

cover the cost of transport with a margin of profit. The Government of India unreservedly accepted these principles, vide Public works Department No. 162 R. T., dated 2nd March 1883, to the Government of Bombay, and in paragraph 11 of this letter His Excellency the Governor General in Council promised to subsequently issue certain general rules, subject to which the Managers of Railways might be left free to fix such rates and fares as seemed most advantageous for their respective lines.

2. The time now appears opportune for promulgating these rules, which His Excellency the Governor General in Council conceives should take the form of formally accepting certain general principles based upon the best recognised practice of the English and American Railways. Some of the more important of these principles seem to His Excellency in Council to be as follows :—

1.—That to protect the public and to prevent unreasonable charges on the part of the Railway Administration, it is necessary for Government to impose restrictions as regards the maxima fares to be levied for the carriage of all classes of passengers, and the maxima rates for all descriptions of goods.

This principle has been recognised in every English Railway Act and in all the Continental ones, as well as in all the American Acts authorising the construction of railways.

In India, however, circumstances exist, not to be found generally in the railways of other countries, which make it necessary to fix minima as well as maxima rates and fares. In consequence of the Government guarantee granted to certain railways, it is possible to work a railway in this country at a loss to Government without affecting the pecuniary interests of the shareholders in any way, and at the expense of the tax-payer, viz., when a Guaranteed line is not paying the guarantee interest, and has no near prospect of so doing. A Guaranteed Committee, under these circumstances might

unduly lower the rates and fares in competition below a point which would allow of a margin of profit, unless prevented from following this course by a minimum rate being fixed by Government. These minima, however, will be enforced only when circumstances have shown them to be necessary in the financial interests of Government.

II....That the charges made to the public are admissible of division into two heads (a) mileage rates and fares which necessarily vary to some extent with the distance the passengers and goods are carried; and (b) terminals, this latter being a fixed charge for services incidental to the business of a carrier.

The maximum rates and fares are most conveniently fixed at a certain sum as a maximum charge per mile for each class of passenger and per mile per ton (or maund) for each class of goods. As regards terminal charges, however, it may be said at once that it is impossible to prescribe any maximum and minimum to meet all cases. Government must be contented with reserving to itself the power, in the event of cause being shown by any person concerned of taking evidence on the matter and of fixing that, under the circumstances of any particular case, appears to be a fair and reasonable charge for terminals at that particular station. As regards the classification of goods, an attempt was made at the Traffic Conference of 1884 to introduce an uniform classification, but owing to the opposition of one important Railway it was devoid of results. A move in this direction has, however, been made by the adoption by the East Indian Railway, North Western Railway, Bengal and North Western Railway, and Tirhoot State Railway of a classification common to all four railways, and it appears to His Excellency in Council advisable to order the introduction of this classification on all State lines, and, unless due cause can be shown, on all railways to be opened in future.

III.—That when once maxima and minima rates and fares have been fixed, any further interference on the part of Government in the matter of rates and fares is only a restraint of

trade. The Railway Administrations, who know their own interests best, should be allowed to alter their rates within the prescribed maxima and minima to suit the varying conditions under which commercial business is everywhere carried on.

In granting this freedom, however, it is assumed that the English Clearing House principle, that in the case of two competitive routes between two stations the Company owning the shortest route fixes the rate, is accepted.

IV.—That, although in the interests of the public, the Government should abstain from direct interference in the matter of rates and fares, yet there are certain ruling principles which Government, as the guardian of the public interests, must see are complied with by Railway Administrations. There should be no undue preference; in other words, Railway Administrations ought not to be permitted to make preferential bargains with particular persons or companies, such as granting them scales of charges more or less favourable than those granted to the public generally. Again, in cases where the traffic offering is sufficient to justify this arrangement, Railway Administrations must give reasonable facilities for public traffic between any two Railway stations, each Railway Administration being contented to receive for its share of the through rate less than its ordinary local rate.

The justice of this is evident when it is considered that all goods traffic is carried for long distances at lower rates than for short distances, so that if each Railway Administration were to charge its full local rate over its own comparatively short length of line, the aggregate would be so great as to restrict the traffic. The principles enunciated by Sir B. Leslie in his letter No. 6333, G. dated 25th August 1880 for working through traffic, are all that could be required;—

“The various railway systems should, as far as possible, serve the country as if they were under one management, and the

dealer in country produce should not be hampered in his operations by the necessity to base his calculations on as many different scales of rates as there may be railways between the starting point and destination. This can only be attained by adopting an uniform scale of rates for special or lower class goods which form the bulk of the country produce, and where there are alternative routes, by sending goods according to sender's option. The adoption of an uniform scale of rates for special class goods for the whole of the districts served by the East Indian Railway and Ondh and Rchilkhund Railway will, in my opinion, contribute largely to develop traffic. It will be in my opinion, to the material advantage of the Railways and interests of the public to adopt an uniform gradation scale of rates for special class good, both for through and local traffic, on both Railways; the earnings from through traffic to be divided in the ratio of the mileage."

These rights were secured to the public in England by the Railway and Canal Traffic Acts of 1854 and 1873. Care will be taken to secure the same rights to the public in India in the new Indian Railway Act now under consideration; but in the meantime His Excellency in Council relies on all Railway Administrations, in the interests of the public, giving effect to the above principle IV as if it already had the force of law.

The question whether the charging of a lower or an equal rate for a longer than for a shorter distance does or does not constitute "undue preference" appears to be at present unsettled in England, although the weight of legal authority is very much against the practice, and it seems to be at least settled that the charging by a Railway Company of a lower or even an equal rate for a longer than for a shorter distance *does* constitute *prima facie* evidence of undue preference. The Governor General in Council is disposed to instruct the Managers of all State Railways to accept this view of the matter until the Courts of Law in India give a decision on the legality or otherwise of charg

ing a lower or an equal rate for a longer than for a shorter distance, and the consulting Engineers should use their influence, in the interests of the public, to prevent any undue preference being allowed to exist on guaranteed lines.

3. The Government of India, while enunciating the above principles, which it considers should be observed in the working of all Railways, and which it has determined shall be observed on all State Railways and Railways about to be opened, entertains the hope that the Railway Companies open at present will see that it is to their own advantage to adopt principles which the experience of English Railways and of those of other countries has shown to be most to the interests of all concerned, and leaves it to the good sense and business instincts of the several Railway Boards and Agents to recognise the advantage of uniformity in the working of the Indian Railway System as a whole. A beginning has already been made by the assembling of periodical Railway Conferences; and Government would now go a step further and propose the formation of a Standing Committee of Railway Managers, somewhat of the nature of the Committee of General Managers of English Railways parties to the Clearing House, with the Director General of Railways as *ex-officio* Chairman.

Resolution :—His Excellency the Governor General in Council is accordingly pleased to order as follows :—

- (a) That the schedule of maxima and minima rates and fares, forming Appendix A to this Resolution, shall be adopted on all Railways worked directly by the State, and by all other Railway Administrations, whether their lines be already opened or not, so far as this schedule is not inconsistent with any contracts or agreements previously entered into; and that it shall not be departed from without due course being shown.
- (b) That in order that the public may have complete information as to the maxima rates and fares which every railway

is authorised to charge, the maxima and minima rates and fares fixed for each railway shall be published in their goods and coaching tariffs, under the signature of a Consulting Engineer if a private Company, and of the Secretary to Government in the case of a State line.

- (c) That unless sufficient reasons can be brought forward against the adoption of this course, the general goods classification now in force on the East Indian Railway shall be accepted for all Railways worked directly by the State, and by all other Railway Administrations with the same proviso as to interference with existing Contracts as under (a) above.
- (d) That there shall be no undue preference, either as between two Railway Companies or between a Railway Company and a particular person or class of individuals, by making preferential bargains or by granting to one particular Company or persons more favourable conditions for the carriage of goods than to the rest of the public at large.
- (e) That the Director General of Railways be instructed to place himself in communication with the several Railway Companies, with a view to establishing a Standing Committee of Railway Managers.

Order.—Ordered, that this Resolution be communicated to the

The Governments of Madras, Bombay, Bengal, and the north Western Provinces and Oudh.	Governments and Administrations
The Chief Commissioners of the Central Provinces, Burma and Assam.	and officers noted in the margin for information
The Resident at Hyderabad.	
The Director General of Railways.	
The Consulting Engineers to the Government of India for the Railways, Calcutta, Lucknow and Central Division.	

and guidance; also to the Governments of the Punjab, the Resident in Mysore, the Agents to the Governor General for Rajputana, Central India, and Baluchistan, and the Accountant General, Public Works Department, for information,

Ordered also that this Resolution and its enclosures, be published in the Supplement to the *Gazette of India*.

(Sd). Colonel. R. E.,

Secretary;

No. G, 1341 Dated 5th July 1927.

From Chamber to the Government of Bombay

Finance Department, Bombay.

With reference to your letter of the 18th June 1927, No. 5125 D, I am directed to send hereby views of the Committee of this Chamber with regard to the cost of handling goods in the Port of Bombay. My Committee realise that the manganese trade is being diverted from Bombay to Calcutta, because of the difference in respect of railway freight. This question of the railways under-cutting each other through what is known as "block-rates" is a longstanding one and was discussed several times even in the old Imperial Council. There is now, however, a remedy provided for this grievance and it is an application to the recently constituted Railway Rates Advisory Committee. My Committee suggest, therefore, that either the Bombay Port or the Government of Bombay should write to the Government of India, Department of Commerce, to refer to this Committee this question of high railway freight charged by the Bengal Nagpur Railway from Tumsar Road to Nagpur in order to attract the manganese traffic to Calcutta. My Committee will be glad to know what action is now proposed to be taken by the Government in this matter.

No. 5125-D Bombay Castle, 5th September 1927.

**From the Government of Bombay Finance Department
to Chamber.**

With reference to your letter No. G 1341 dated 5th July 1927 on the subject mentioned above, I am directed by the Governor in Council to state that, as the finances of the Bombay Port Trust are direct-

ly concerned, Government consider that any representation to the Railway Rates Advisory Committee should be made by that body. A copy of your letter has therefore been forwarded to that body for their consideration and such further action as they may think fit.

APPENDIX 5

RAILWAY RISK NOTE FORM 'A.'

Nos. G, 498, 499 dated 25th March 1927

**From Chamber to Sir Purshotamdas Thakurdas, Kt., and the
Hon'ble Sir Phiroze C. Sethna.**

I am directed by the Committee to send to you herewith copies of letters received from Messrs. Maganbhai Amin & Co. regarding difficulties experienced by them in view of the unsatisfactory wording of the Railway Risk Note forms. It will be seen therefrom that the practice followed by the Authorities is very injurious to the merchants and causes considerable trouble. The matter, therefore, requires to be taken up in the local Advisory Committees of the B. B. & C. I. and G. I. P. Railways and I am directed to request you to be good enough to do the needful in the matter. The result of your enquiry may kindly be communicated to me.

(Copy)

dated 25th Feb, 1927,

From Maganbhai Amin & Co. to Chamber.

We beg to write that when we send our goods for despatch either by G. I. P. Railway or by B. B. & C. I. Ry., taking advantage of Risk Note Forms they are always writing the remarks "in leaky state" in the case of casks, although they are in sound condition, and in the case of *single* bags they write the remark "bags torn contents dropping" and in the case of *double* bags the remark "bags worn contents

dropping" is always made in railway receipts although they are in sound condition. This is, no doubt, the usual trick and it appears on all railway receipts, so that the company may be saved in case of loss or breakage. We have often protested against this practice without avail, as they say that they are doing so under instructions from higher authorities, and our protests are unheeded.

We shall therefore thank you to take up the matter and remedy the injustice now being done under the present flexible wordings of the Risk Note Form "A", to the detriment of trade.

We trust that this matter will receive your most careful and urgent attention and thank you in anticipation.

No. 408 dated 26th Feb. 1927.

Further to our letter of yesterday, we are herein giving you the latest instance to show how arbitrarily we are forced to do what the railway authorities wish without any regard to the facts.

We are herewith sending you the Railway Consignment Note form sent by us to Wadi Bunder on the 25th instant, for 2 casks of Vegetable Tallow and 1 bag of Farina properly filled in as usual, together with "A" & "B" Risk Note forms duly signed, in the name of Mr. Popatlal M. Engineer, both as consigner and consignee. But it was returned to us by the authorities there asking us to put in the consignment form the remark that will be found written on the back of the consignment note form by the man in charge at Wadi Bunder, viz. "consignment not packed in accordance with packing condition in force." In fact the articles were in sound condition (packing) and our man therefore went to the Wadi Bunder to argue the matter, but as they would admit of no argument, the man in charge saying that he was acting up to instructions from the higher authorities, our man had to fill in a fresh consignment form with the above remark and sign as they would not otherwise receive the goods for despatch. They have issued Railway Receipt for these articles with the remark "Packing

condition not complied with". From this it will be seen how much undue advantage the railway companies are taking of their position. We shall, therefore, thank you to take up this matter in the light of this and also of our yesterday's letter, so that the trade and commerce may not suffer.

Please return to us the accompanying consignment Note form and oblige.

7th April, 1927.

From Sir Phiroze C. Sethna to Chamber.

You had sent me a letter addressed to you by Messrs. Maganbhai Amin & Co. dated 25th February complaining that the Railway authorities make unnecessary remarks on their Risk Notes to protect the Railway. The matter was taken up for discussion at the Advisory Committee's Meeting this morning.

The Agent informed the Committee that he was not able to trace any Risk Notes issued to this Firm in respect of bags where remarks such as "in leaky state or bags torn contents dropping" were mailed,

In regard to the second complaint that for two casks of vegetable tallow and one bag of farina a remark was made to the effect that "packing conditions not complied with", the Agent stated that the weigher was wrong in making such remark,

It appears that the merchants never complained to the Goods Superintendent at Wari Bunder before they addressed you on the subject, and the Agent proposes that it would simplify matters if in future such complaints are first addressed to the Goods Superintendent so that the matter may be looked into departmently.

Bombay, 21st April 1927.

Circular of the Indian Merchants' Chamber.

Re: Railway Risk Note Form "A".

Recently the Committee of the Indian Merchants' Chamber had received a complaint from one member against the G. I. P.

Railway authorities that they make unnecessary remarks on the Risk Notes to protect the Railway. The matter was taken up by the Chamber's Representative on the Local Advisory Committee of the G. I. P. Railway at its last meeting, when the Agent informed him that the merchants never complained to the Goods Superintendent at Wari Bunder before they addressed the Committee of the Chamber on the subject. He proposed that it would simplify matters if in future such complaints were first addressed to the Goods Superintendents so that the matter might be looked into departmentally.

The Committee of the Chamber at their meeting held on Tuesday the 19th April 1927 discussed the question again and it was resolved to bring this matter to the notice of the commercial public. The merchants seeking redress in connection with difficulties regarding the Railway Risk Note Forms should first address the Goods Superintendents of Railways and if after proper representations they do not receive any satisfactory replies from the Railway authorities they should approach the Committee of the Chamber to do the needful in the matter. The Committee will gladly receive such complaints and try to help the merchants as far as it lies in their power.

J. K. MEHTA,
Secretary."

APPENDIX 6.

SOME GRIEVANCES OF SURAT MERCHANTS IN CONNECTION WITH DELIVERY OF GOODS AT THAT STATION.

Extract from the Precis of discussion of the B. B. & C. I. Railway Local Advisory Committee meeting on 26th May 1927.

2. Grievances of Surat Merchants in connection with the delivery of goods at that station.

Discussion in connection with this subject took place on the two points brought forward from the last meeting viz. (1) inspection of contents of consignments before taking delivery and (2) propriety of obtaining indemnity bonds from both the sender and the party ultimately taking delivery of consignments in certain cases.

As regards (1), the Chairman explained that the cause of the complaint was due to a misunderstanding of the actual position. It had been the practice for persons other than consignees—possibly intending purchasers, to go about the goods yard at Surat, probing consignments with which they had apparently no concern. This practice had recently grown to such proportions that in many cases, the real consignees had objected to the leaky condition which their consignments presented and had claimed compensation for shortage. In the circumstances, it had been found necessary to put a stop to the objectionable practice under reference.

The Chairman assured the Committee that there was no intention to deprive bona fide consignees of the privilege they had hitherto enjoyed of being allowed to examine the contents of their consignments before taking delivery.

With regard to (2), it was explained that the necessity for obtaining indemnity bonds from both the sender and the party applying for delivery arose only in cases of loss of railway receipts endorsed in favour of a third party in respect of consignments despatched by the sender to "self".

In this connection, Sir Parshotamdas raised the question of liability for payment of wharfage in the event of a delay occurring for unavoidable reasons, e.g., absence of the party concerned who might be at a long distance and in furnishing an indemnity bond signed by the sender as required under the rules,

The General Traffic Manager replied that in such cases, the District Officers were empowered to exercise their discretion and to deal with each on its merits."

APPENDIX 7.

REWEIGHTMENT OF COAL AT DESTINATION

No. G. 825 22nd April 1927.

From Chamber to Indian Mining Federation Calcutta.

I am directed by my Committee to send to you herewith the copy of correspondence passed between a member of this Chamber and the G. I. P. Railway regarding the above question.

My Committee will be much obliged if you will kindly inform them whether the question under reference has been taken up by your Federation and if so with what result.

Copy of letter dated 11th April from Madhavlal & Co., Ltd. to the Chamber.

"We beg to inclose herewith true copies of the correspondence which has passed between our firm and the G. I. P. Railway regarding the re-weighment of the consignments of coal which have been reloaded into other wagons in course of the despatch from the despatching stations to the destinations. The reason why this question had to be taken up with the Railways is obvious; when the consignments are thus transhiped in the course of transit it is quite likely that due to various causes there might be a shortage of a substantial character or even a substitution of one quality for another. The demand made by our firm is reasonable and equitable, but the Railway authorities seem to fight shy of complying with such a perfectly legitimate request. Their insistence on the execution of an indemnity bond in advance will mean the denial of all redress to us even in the most glaring and obvious case of shortage, substitution etc. by the most culpable negligence of the employees. They simply want to tie down our hands in advance which is clearly inequitable and unjust.

As this is a matter of great importance to the coal trade in general, we shall feel much obliged if you would be so good as to take up the matter with the Railway Board and various authorities concerned so that at least our moderate demands could be conceded."

Copy of letter No. 632/27 dated 17th February from Messrs. Madhavlal and Co, Ltd., to the Goods Supdt. G. I. P. Rly., Wadi Bunder, Bombay.

"We are getting consignments of coal at Byoulla for some time back and at times we get the consignments transhipped and we find a heavy shortage in such consignments and we find it necessary to ascertain the actual weight of such consignments. We shall therefore feel very much obliged if you will pass the necessary instructions, to the Yard Foreman, Byoulla, to reweigh such consignments. We are prepared to pay the usual charges."

Hoping you will do the heedful,"

Copy of letter No. P. C. 19 from the Goods Supdt. Wadi Bunder to Messrs. Madhavlal & Co. Ltd., 23-2-27.

Your 632/27 of 17-2-27 re. Reweighment of coal wagons.

"I have no objection to reweigh your coal consignments at Byoulla Goods Depot provided you executed Indemnity Bond indemnifying Railway from responsibility in respect of shortage of weight and pay re-weighment charges Rs. 2/- per four wheeled wagon, and Rs. 4/- per bogie."

Copy of letter from Messrs. Madhavlal & Co. dated 1st March 1927 No. 796/27 to the Goods Supdt. G. I. P. Railway, Wadi Bunder.

Re, Reweighment of coal wagons.

We have to acknowledge receipt of your letter No. P. C. 19 dated the 23rd ultimo and are glad to note that you have no objection to re-weigh the coal consigned to Byoulla Goods Depot. We are surprised at your asking us to execute an Indemnity bond indemnifying the Railway from responsibility in respect of any shortage in weight. We may here point out to you that we do not ask to reweigh all the wagons. We are particular to get the wagons

reweighed which are transhipped. We do not know under what rules you ask us to indemnify the railway when we ourselves do not know if there is any shortage in the consignments due to negligence of the railway or in an ordinary way. We shall also thank you to send us a copy of the indemnity bond you wish us to execute. We are prepared to pay the usual charge as mentioned in your letter under reply for reweighing the consignments. Hoping to hear soon."

Copy of letter from the Goods Supdt, Waid Bunder, No. P. O. 19 dated 14th March 1927.

Your letter of 1-3-27.

Re. Reweighing of coal wagons.

"Enclosed please find an unstamped Indemnity bond as desired in your above. I regret reweighment cannot be granted unless a stamped indemnity bond is executed as stated in my letter dated 23-2-27."

No. CL, 152-1/22 Calcutta dated 6th May 1927.

From the Indian Mining Federation to Chamber.

I am directed to refer to your letter No. G. 825 of the 22nd April, 1927 with which you forwarded the correspondence of a Member of your Chamber resting with the subject noted above.

The Committee of the Federation fully recognised the difficulties of the trade for the railway authorities not allowing re-weighment of the consignment of coal at destination. The option of re-weighment was given to the consignee before war on payment of Re. 1/- per wagon, but the facility has been withdrawn since. The restoration of such an option for the consignees has been subject to protracted correspondence with the railway authorities particularly during the last year and the local officials having not acceded to the proposal the matter is now under reference with the Railway Board. The decision of the Board is still being waited and it will be communicated to you as soon as received.

APPENDIX 8.

REWEIGHTMENT OF GOODS AT DESTINATION.

No. G. 1521 dated 26th July 1927.

From Chamber to the Railway Board, Government of India,
Simla.

The attention of the Committee of this Chamber has been recently drawn to some ambiguities in some sections of the Indian Railways Act of 1890. It is with a view to get the same cleared up that this representation is made to your Board. There cannot be any doubt that the underlying principle of the provisions of the Indian Railways Act is to afford every facility to the trade and commerce of the country for inter communication between several parts. The Section 77 of the Indian Railway Act provides that under certain limitations, the Railway Company will be liable to refund overcharge to the person entitled to claim the same. The view that the Railway Companies seem to take of this section is that it is confined to an overcharge recovered before the delivery of the goods to the consignee at destination. This interpretation apparently does not legally compel the Railway Companies to reweigh the goods at destination to certify a shortage. My Committee submit that this view is not correct and is in violation of the spirit of the section of the Act. Section 55 of the Act entitles the Railways to recover their terminal or any other charges due to them by detaining or selling goods of the consignee if he fails to satisfy their claims. The obligation or liability to refund an overcharge and power to recover undercharge necessarily implies that the Railways are bound to reweigh the goods at destination if so demanded.

My Committee cannot understand the reason why the same right as is given to the Railways in connection with the undercharge is indirectly sought to be denied to the public by refusing to give them the certificate of shortage after reweighing their goods at destination. Such misinterpretations of the Railway Act have been a constant source of trouble to the commercial community.

My Committee in this connection would draw your attention to the recent decision of the Judicial Commissioner, Nagpur, in an appeal preferred by one Akola merchant against the G. I. P. Railway regarding the awarding of damages caused to the merchant by the Company's refusal to reweigh the goods at destination, under certain circumstances. They presume Government have got a copy of the judgment in question. The interpretation put by the Judicial Commissioner on sections 54, 55 and 77 of the Railway Act is sound and reasonable.

The question of reweighment of goods at destination, therefore, raises issues of much more importance than the one decided by the Nagpur Court. It is hoped that Government in view of the reasons advanced in this letter will be pleased to arrange with all the Railway Companies for the reweighment facilities being provided whenever they are required.

No. 1874 T, dated Simla 2nd August 1927 .

From Government of India, Railway Department to Chamber

I am directed to acknowledge the receipt of your letter No. G. 1521., dated 26th July 1927, on the above subject, which is receiving attention.

No. 1874 T, dated 19th September 1927.

From Government of India Railway Department to Chamber

In reply to your Post Card No. G. 2034 dated the 12th September 1927, I am directed to state that the matter is under reference with the Agent, Indian Peninsula Railway and that a further communication will follow in due course,

No. G. 2330, dated 17th October 1927.

From Chamber to the Railway Board, SIMLA.

With reference to the correspondence ending with your letter No. 1874 T, dated the 19th September 1927, my Committee will be obliged if you will be good enough to let them know of the result of the reference to the G. I. P. Railway on the above question, at your early convenience.

No. 1874 T, dated 22nd October 1927.

From Government of India Railway Department to Chamber

In reply to your letter No. G. 2330 dated 17th October 1927, I am directed to state that the matter is still under reference with the Agent, Great Indian Peninsula Railway and that a further communication will follow in due course.

APPENDIX 9.

SURPLUS WAGONS AND LOCOMOTIVES.

No. G. 759 dated 14th April 1927.

**From Chamber to the Government of India Railway Department
SIMLA.**

At the time of the visit of the Hon'ble Member for Railways to the Committee of this Chamber, the question of surplus locomotives and wagons was discussed and it was pointed out that there was grave apprehension in the public mind that public money was spent in the direction of the purchase of rolling stock, which need not have been spent. The amounts involved were running into many crores of rupees and in view of this it was necessary in order to allay this apprehension to put forward accurate information. The requests for such accurate information had been made several times in the Assembly particularly during the debate on the Railway Board grant and also by questions put by various members. Mr. Jinnah asked during this debate for information to

be supplied as to when and where the surplus of 30,000 wagons mentioned by Sir Clement Hindley was purchased from and at what time, and this information was promised immediately after lunch on February 22nd 1927. Not only was it not given on that day but at no subsequent time and in response to several questions from various members dealing with this subject the reply was that the information was either not available or would be called for and sent to the member in question.

My Committee wish to emphasise that this attitude does not appear satisfactory. With every desire to appreciate the good work which any Government Department may be doing, it is at least necessary that full facts should be vouchsafed and any attempt to evade the demand for information is likely to be construed as an indication that something is seriously wrong somewhere.

Under the circumstances my Committee would be obliged if a statement were sent down showing the number and amount of locomotives purchased either for renewal or for additions during the last ten years and the number and amount of authorised stock with the various State Railways and the surplus of locomotives which, according to Mr. Parsons in his reply to Pandit H. N. Kunzru, dated 28th March 1927, existed with every State Railway.

In the matter of wagons my Committee would like to receive as promised by the Hon'ble Member for Railways copies of reports for communications sent by the Wagon Interchange Officer ever since the arrangement for wagon pooling came into force. They would also like to know the number of wagons which were purchased in all during the last ten years and the sources from which they were purchased, giving the name of the firm and price.

In case any information which the Government are in a position to send which will refute the charges that about Rs. 25 crores on wagons were overspent since the Rs. 150 crores programme was sanctioned, will be welcomed by my Committee, since it might allay the apprehension that the Railway Board has not acted in a business-like manner in this matter.

An early reply to this communication is solicited.

No. 134 S. dated 21st December 1927.

From Government of India Railway Department to Chamber.

I am directed to acknowledge the receipt of your letter No. G, 759 of the 14th April 1927 in which the Committee of the Indian Merchants' Chamber refer to the allegations that 30,000 more wagons than were needed have been purchased for Indian Railways in recent years, and that the railways are also over-stocked with locomotives; and ask for such information as the Government of India may be in a position to supply in order to dispel the apprehensions which these allegations are stated to have caused.

2. In reply, I am to say that the Government of India welcome this opportunity to state fully the facts regarding wagon orders in recent years, and they trust that the explanations now to be given will serve to remove not only the apprehension to which you refer, but also the misconceptions under which your letter was evidently written. They can find no justification for the suggestion in an early part of your letter that there has been an "attempt to evade the demand for information". Successive annual reports on Indian Railways have given the very full detailed statistics of the rolling stock position year by year, and the subject was also examined at length in the speech made by the Chief Commissioner for Railways in the Legislative Assembly when the allegation of overstocking was first made. These sources of information were accessible to the Committee of your Chamber, and their perusal should have gone far to remove any impression either that the railways of India were seriously over-stocked with wagons or that there was any desire on the part of Government to withhold information. It is true that, during the debate on the Railway Budget on the 23rd February 1927, Mr. Jinnah asked for information as to when and where the surplus of 30,000 wagons mentioned by Sir Clement Hindley was purchased but it is not correct that a promise was given that the information asked for would be supplied immediately after lunch. What Sir Charles Innes actually said was that he would try to get the information by the time the House re-assembled, but since it could not be

obtained without a reference to railway administrations, it was impossible to give it at the time the debate was continued. I am to add that, as explained by the Financial Commissioner of Railways, when he discussed the subject with your Committee at the beginning of June, it is because, in order to meet your Committee's wishes, statistics for a considerable number of years have had to be collected from railway administrations in a form in which they had not previously been collated, that there has been some delay in replying to your letter.

The Government of India propose to publish this reply.

3. The allegation of overstocking is based on a statement made by Sir Clement Hindley in October 1923 before the Royal Commission on Agriculture in India, in which he explained that there was then no shortage of wagons in India, as there had been a few years previously, and mentioned as an instance of this that during the previous three or four months—June to September 1923—there had been 30,000 wagons standing idle. The wagons to which he was then referring, and to which in consequence the allegation relates, were broad gauge general service wagons only; and consequently the figures given in this letter are also of broad gauge service wagons only. They do not include metre gauge general service wagons or the numerous types of special wagons of both broad and metre gauges which are in use on railway. There has been no charge of extravagance in the purchase of these special types of wagons, or of metre gauge general service wagons, which incidentally have not in the past ordinarily been manufactured by Indian firms; but I am to inform your Committee that the Government of India have no reason to believe that the railways are in any way overstocked with these wagons.

4. A statement is appended to this letter showing year by year from 1919-20 onwards the number of broad gauge general service wagons for which orders were placed by the Indian Railways, and the sources from which they were obtained. The statement also shows with as much accuracy as it has been possible to attain with the information available, how many of the wagons ordered up to, and

from 1922-23, were required as additions to the stock, and how many were to replace wagons no longer fit for service. It is well known to your Committee that prior to 1922-23 (and even for some time afterwards) there was a definite shortage of wagons which formed the subject of many complaints both from the general public and from leading commercial bodies. The Government of India presume therefore that your Committee will not wish to challenge any purchases of additional wagons made before that year in order to remove the shortage, and they will confine their analysis to the figures for the five years from 1922-23. In these years, as the statement shows, some 15,000 (and not 30,000) additional broad gauge general service wagons were acquired by the railways, representing an addition of 12 % to the stock as it stood at the beginning of 1922-23.

5. Your Committee, though they have not asked for the traffic figures for the same series of years, will understand that without them it is impossible to form any opinion whether the purchase of these 15,000 additional wagons was justified in the event. The figures for the broad gauge railways are as follows :—

Net ton miles

(in hundreds of millions).

1921 - 22	139
1922 - 23	146
1923 - 24	151
1924 - 25	175
1925 - 26	161
1926 - 27	161

Since a decision as to the number of wagons to be ordered has to be taken at least a year before their receipt, the correct comparison for present purposes is between the traffic figures of 1921-22 and those

of 1925-26. During this period there was a growth of traffic of 16 %, a figure which is in excess of the percentage increase in the wagon stock during the same period. It will be evident that, had circumstances remained unchanged, the wagon shortage must have been even more acute in 1925-26 and 1926-27 than it was in 1921-22.

6. The problem with which the Railway Board were faced from 1921-22 onwards was to take such measures as were required to enable the railways of India to deal expeditiously with the full volume of traffic offering at the busiest season of the year. For this purpose, it was essential to provide such additional facilities as were needed to enable the railways to make the fullest possible use of the existing wagon stock. As examples of the measures which it was necessary to take I may mention the remodelling of marshalling yards, the strengthening of bridges and track, the re-organisation of workshops, the introduction of improved methods of train control and of a system of pooling wagons, and the extension of the use of vacuum brakes. These and other measures taken by the Railway Board went to the root of the problem, and were designed to secure the utmost possible economy consistent with the expeditious conveyance of the traffic offering in the busy season, but their effect could not be immediate and it was impossible to forecast how soon an appreciable economy in the use of wagons might be expected. Meanwhile, the existing shortage had to be dealt with and the Board would have exposed themselves to severe and justifiable criticism, had they suspended the purchase of wagons until the effect of the other improvements undertaken could be gauged. In the situation then existing it was necessary to buy wagons, the purchase of which would not have been necessary, had the railways been as well equipped as they are today for making the fullest use of their actual wagon stock. It was necessary, of course, to watch developments closely, for as time went on and the measures taken produced their effect, the demand for new wagons was likely to diminish. But it was impossible to suspend purchases until the traffic and wagon user figures made it evident that the existing stock was adequate to meet all requirements.

7. I am now to invite attention to Statement II attached to this letter, which has been prepared to show the seasonal fluctuations of broad gauge traffic in this country, and their effect on the wagon position of the broad gauge railways. It is given month by month from September 1924 (the earliest month for which the figures are available) first the volume of traffic carried in the month as expressed in net ton miles, and secondly the average number of spare general service wagons on the broad gauge railways during each month.

The latter figures have been obtained from the weekly reports of the Director of Wagon Interchange, copies of which are stated in your letter to have been promised to the Committee by the Hon'ble Member for Railways. I am authorised by him to state that no such promise was made by him at his meeting with your Committee. I am also to explain that the only figures in these weekly reports which have any bearing on the question at present at issue are those that are summarised in this statement.

8. The main facts brought out by this statement are as follows:—

- (i) During the busiest month in 1924-25 the margin of surplus wagons fell to a little over 600 as compared with over 5,000 in the previous October.
- (ii) In 1925-26 the volume of traffic was smaller, and even during the busy season the available balance did not fall below 3,000 wagons. The difference between the volume of traffic in the slackest and busiest months amounted to nearly 400 million net ton miles, or over 35 %; and during the slack season the available balance rose to over 20,000 wagons in four months, and in one month to nearly 32,000 wagons.
- (iii) In 1926-27 traffic offered to the broad gauge railways was above the same as in previous year. The difference between its volume in the slackest and the busiest months was 429 million net ton miles or about 37 per cent. During five months of the slack season the spare wagons exceeded 20,000 in number and in one month exceeded 30,000. At

the height of the busy season there was still a balance available for carrying any further traffic that might be offered of rather over 4,000 wagons.

9. It will be seen from statement II that during the busy season of 1924-25 the number of spare wagons fell to a figure as low as 626, the wagon stock being barely adequate for the traffic offering, and the traffic and wagon user figures fully justified the orders to which sanction was given by the Railway Board in that year. By the autumn of 1925, however, a change in the situation was becoming evident. The number of surplus wagons rose to maximum of nearly 32,000 in August and still exceeded 11,000 in November, as against a little over 5,000 in November 1924. There were, therefore, reasons for considering whether the time had not come to restrict the purchases of new wagons. On the other hand, the Railway Board had to take into account the traffic figures which showed that for three years in succession the volume of traffic had increased on the average by 5 percent, per annum, that the traffic in the four months, September to December 1925, was not less than the traffic carried in the corresponding months of 1924, and that in the busy season of 1926-27 it might be necessary to carry a volume of traffic substantially in excess of that carried in 1924-25. Had these expectations been fulfilled, the new wagons, the purchase of which was sanctioned in December 1925 would actually have been required. As it happened, the total traffic carried was about 8 per cent. lower both in 1925-26 and in 1926-27 than it was in 1924-25, and in each year there was a surplus of 3,000 or 4,000 wagons in the busiest month. But it does not in the least follow that the set back in traffic could have been foreseen, or that the Railway Board committed an error or judgement in sanctioning the purchase of additional wagons for supply in 1926-27. Your Committee will realise that the authorities responsible for the efficient management of railways are, almost always faced when ordering rolling stock, with a choice between two risks, the risk that they may fail to provide sufficient stock for the carriage of all the traffic that will be offered to them, and the risk of traffic declining or failing to develop according to expectations, and thus leaving them over-stocked. And owing

to the time which it takes to build rolling stock, the choice has ordinarily to be made before there are any clear indications of the trend of traffic. As a general rule, it is to the advantage of railway revenues, as it is certainly to the benefit of the trade of the country as a whole, that any shortage of rolling stock should be avoided, even though this will occasionally involve a temporary excess of wagons when expectations of traffic fail to materialise. For, even if traffic does not recover within a reasonable period, the excess can always be absorbed by not replacing wagons, which are no longer fit for service.

10. Your Committee will now be able to realise the exact position. In a country like India, where a difference of over 30 % in the volume of traffic offering in the slack and busy seasons is by no means uncommon, if the stock of wagons is sufficient to meet the demands of trade in the busy season a considerable number of wagons must inevitably lie idle during the slack months. If for example, the wagon stock on the broad gauge railways had in 1926-27 been 30,000 less than it actually was, (so that the surplus which Sir Clement Hindley mentioned to the Royal Commission on Agriculture as existing during the summer months of that year would not have existed,) the railways would have been short of about 25,000 wagons, representing about 500,000 tons of carrying capacity in February and March 1927; and they would have had to refuse traffic to the detriment of their revenues, and to the great loss and inconvenience of Indian trade. It is because the effect of seasonal fluctuations in traffic on the quantity of wagon stock needed by railways has not been clearly recognised that the misapprehension that 30,000 wagons have been unnecessarily purchased, has arisen: but it is a complete misapprehension, which the Government of India trust this letter will dispel.

11. There are two further explanations which they think it desirable to give before leaving the subject. First it is their aim, in the interests of both trade in general and of their railway revenues to provide sufficient wagon stock to carry traffic with reasonable expedition in the busy season; but it is not their aim to hold a

surplus or reserve of wagons in addition, though it should be recognised that a sufficiency of wagons for the busy season will mean a surplus of wagons in the slack season in reserve for use when later on traffic increases. Secondly when traffic declines, as in 1925-26 and 1926-27, it is impossible to prevent the occurrence of a temporary surplus of wagon stock, possibly increased by the delivery of additional wagons ordered when the decline could not be foreseen, and in any case enhanced if at the same time a more economical use of wagons is being attained. But the risk arising in this way is one which no railway administration can avoid; and it is minimised by the ability to absorb such temporary excesses of stock by scrapping worn out wagons without replacement.

12. I am now to turn to the question of locomotives. Your letter states that according to Mr. Parsons a surplus of locomotives exists with every State Railway. No such statement was ever made by him; nor are the Government of India aware of any reasons for holding that this is the case. What Mr. Parsons did say in reply to a supplementary question put by Mr. Neogy on the 28th March 1927 was that at various times of the year there was certainly a surplus of tractive power on a good many railways, and that it depended on the amount of traffic offering. It is unnecessary to do more than point out that the number of locomotives, as of wagons, needed by railways is affected by seasonal fluctuations in traffic.

In the circumstances the Government of India think it unnecessary to supplement the information with regard to the stock of locomotives already given in successive reports on Indian Railways, except in one particular. On the North Western Railway it was in the past the practice to maintain a stock of locomotives surplus to actual requirements in order to meet mobilisation demands. This was necessary because, when they were originally opened, the traffic on many of the lines in the probable mobilisation area was small, and the locomotives needed to haul it were quite insufficient for mobilisation purposes. Moreover these lines were originally laid with very light rails on which only light axle locomotives could be used, and these light types of engines were uneconomical and unsuitable for use for the

heavier services running on the main line. Conditions have, however, changed and these factors have now less weight. Some of the lines have been strengthened so that heavier locomotives can be run on them and a smaller number of light locomotives need therefore be kept in reserve for mobilisation; traffic has also increased, and it is therefore possible to provide power for a large proportion of mobilisation demands by merely turning over locomotives from ordinary traffic to mobilisation; the power of locomotives has increased enabling them to have heavier loads, so that the number required for mobilisation has been reduced; and finally with the larger total stock of locomotives on broad gauge Indian Railways required for serving new lines and hauling growing traffic on existing lines it has become possible to contemplate the withdrawal of more engines for mobilisation demands without crippling the essential services on other lines. For these reasons it is now considered unnecessary to maintain a surplus stock of locomotives on the North Western Railway over and above that required for ordinary train services. The actual position on the North Western Railway is as follows. It appears likely that the North Western Railway will require in accordance with the criteria now imposed by the Railway Board, 1,328 locomotives to deal with the goods and passenger traffic which it is at present reasonable to assume will be offered to it in 1928-29. At the beginning of 1925 the stock of locomotives on the North Western Railway was 1619, a figure 291 in excess of the number now expected to be required in 1928-29. Of this excess 102 locomotives have been transferred to other lines, thus avoiding fresh purchases on those lines, while 172 locomotives, which would otherwise have had to be replaced on the North Western Railway, have been sold or scrapped without replacement. According to the latest information in the possession of the Railway Board the stock on the North Western Railway at the end of June was 1,345 locomotives. The surplus now existing on the North Western Railway does not consequently exceed 17 locomotives, and it will probably be absorbed in a very short time by the methods which have already been described.

13. It remains to consider how the position of the Indian wagon building industry has been affected by the purchase of wagons

sanctioned at the end of 1925. The number of broad gauge general service wagons of which the purchase was sanctioned by the Railway Board in December 1925, was 4685 and of these, orders for 3244 were placed in India and orders for 1441 were placed abroad. Had it been possible at that time to forecast the set back in traffic which was imminent, it is most unlikely that any orders for wagons would have been placed abroad, but it does not follow that the orders placed with the Indian wagon building firms in the following year could have been increased to a corresponding extent, for it would still have been unnecessary to purchase any additional broad gauge general service wagons for supply in 1927-28. The present position of the Indian wagon building industry has not, therefore, been prejudiced by the orders placed abroad at the end of 1925. It is necessary to remember also that, if in December, 1925, it had been known that the volume of traffic in 1925-26 and 1926-27 would be less by 8 per cent than in 1924-25, in all probability no orders at all would have been placed for additional broad gauge general service wagons either in India or abroad, with the result that the crisis in the wagon building industry would have occurred year earlier than it actually did. The Indian wagon building firms have been affected by the orders placed abroad for wagons to be supplied in 1926-27 only to this extent that, if these orders had not been given, it would be possible to resume the purchase of broad gauge general service wagons in India a few months sooner than is likely to be the case.

Numbers of wagons ordered by Railway Administrations.

	Broad Gauge General Service		Purchased in India
	Total Number	Obtained in India	from Indian firms only
1919-20	8017	4125	4100
1920-21	6248	1368	1258
1921-22	1742	306	290
Total	<u>16007</u>	<u>5799</u>	<u>5648</u>

Of these 16007 wagons 8911 were additions to the stock.

1922-23	5790	333	333
1923-24	5028	7	7
1924-25	7509	2715	2715
1925-26	3635	1260	1155
1926-27	3485	3001	2984
Total	25447	7316	7194

Of these 25447 wagons 15015 were additions to the stock

Note.—The dates on which orders are placed by Railway Administrations do not correspond with, and are later than those on which sanctions to purchase are given by the Railway Board. The figures in this table do not therefore show the number of wagons, the purchase of which was sanctioned by the Railway Board in each year.

Statement showing the monthly volume of traffic and the average monthly number of spare wagons on broad gauge railways from September 1924.

	Net ton miles (in millions.)	Wagons spare
September 1924 ...	1,410	2,995
October „ ...	1,339	5,375
November „ ...	1,382	5,105
December „ ...	1,500	3,039
January 1925 ...	1,638	1,367
February „ ...	1,480	626

March 1925	...	1,536	2,938
April	..	1,429	5,577
May	..	1,501	7,080
June	..	1,252	17,224
July	..	1,123	29,074
August	..	1,109	31,763
September	..	1,208	24,581
October	..	1,336	21,166
November	..	1,408	11,208
December	..	1,504	9,044
January 1926	...	1,496	11,041
February	..	1,421	3,296
March	..	1,377	13,612
April	..	1,380	15,561
May	..	1,478	15,303
June	..	1,390	15,496
July	..	1,282	25,817
August	..	1,165	30,586
September	..	1,218	28,869
October	..	1,310	27,107
November	..	1,332	24,400
December	..	1,475	13,483
January 1927	...	1,565	16,305
February	..	1,438	5,564
March	..	1,595	4,247

APPENDIX 10.

CHARGE OF FREIGHT FOR GOODS, PARCELS OR LUGGAGE.

No. G 1435 dated 15th July 1927.

**From Chamber to the Railway Board, Government of
India Simla.**

The attention of the Committee of this Chamber is drawn to the following practice of almost all the Indian Railways regarding the charge of freight for goods, parcels, or luggage :-

The Railway Authorities at present charge 1 seer in goods, parcels, or luggage above the unit of 10 seers as extra 10 seers i. e., 11 seers or 21 seers are charged as 20 seers or 30 seers as the case may be. It has been represented to my Committee that this system of charging goods etc., is unreasonable and it constitutes a burden on the general public. I am therefore directed by my Committee to request the Government to be pleased to issue general orders to all the Railway Administrations of India that an extra seer over the unit of 10 seers should be charged at the rate of 5 seers instead of 10 seers as at present; i. e., 11 to 15 seers should be charged as 15 seers 21 to 25 seers as 25 seers and so on. The institution of an intermediate stage of 5 seers will be an act of relief to the general public and the commercial community in particular.

It is hoped that the Government of India will be pleased to favourably consider this proposal and do the needful at an early date.

No. 16-T Dated the 23rd July 1927.

From Government of India Railway Department to Chamber.

I am directed to acknowledge the receipt of your letter No. G. 1435 dated the 15th July 1927 on the above subject and to state that the matter has been referred to the Secretary, Indian Railway Conference Association for consideration.

APPENDIX II.

ACCELERATION OF BOMBAY--MADRASS MAIL SERVICE.

No. G. 1826. dated 24th August 1927.

From Chamber to the Honourable Sir Phiroze C. Sethna
Kt., O. B. E. Bombay.

I am directed to inform you that at the meeting of the Committee held yesterday a letter received from Khan Bahadur P. G. Ghamat re: improvement in the *timings of the Bombay-Madras Mail service* was referred to you for being taken up in the Local Advisory Committee of the G. I. P. Ry. The letter* in original is sent herewith for your perusal.

I shall be obliged if you will be good enough to return the same when done with and also let us know the result of your enquiry in due course.

Dated 10th November 1927,

From the Hon. Sir Phiroze C. Sethna, Kt. O. B. E., to the
Chamber.

I have written to you this morning on the above subject. Since then I attended another meeting of the Advisory Committee today. I am glad to inform you that the Agent told us that there is every possibility of Madras Mail trains saving quite a number of hours on the journey. It is quite likely that we may be able to reduce the time to 26 or 25 hours and later on even to 24. The change can not come into effect earlier than April 1928. I am sure it will be greatly appreciated by the public. If you like you may convey this information to Mr. Ghamat and for this purpose I am sending you an extra copy of this letter.

* Not printed Vide File No. R 97 of 1927.

APPENDIX 12

EXTENSION OF TERM OF OFFICE OF SIR CLEMENT HINDLEY, CHIEF COMMISSIONER FOR RAILWAYS, RAILWAY BOARD.

Dated 13th October 1927.

Telegram from Chamber to the Government of India
Department of Commerce, SIMLA.

"Committee Indian Merchants' Chamber respectfully protest against extension of Sir Clement Hindley's term of office. Every such extension means delay in appointment of Indians to Railway Board and irrespective of the merits of Sir Clement's work as Chief Commissioner. Committee feel that on the mere score of redeeming Government of India's promise for appointment of Indians to Railway Board every extension given to the existing members is to be regretted. Inchambu."

APPENDIX 13

CHAMBER'S REPRESENTATIVES ON THE COMMER- CIAL PANEL OF THE RAILWAY RATES ADVISORY COMMITTEE.

No. 1679-T Dated Simla the 3rd October 1927.

From Government of India Railway Department to
Chamber.

With reference to your letter No. T. 1266 dated 10th June 1923, I am directed to state that a revised list showing names and addresses of the commercial representatives for service on the commercial panel

of the Rates Advisory Committee will be published shortly in the Gazette of India and to request that the Railway Board may be furnished with any alteration to be made in the list of members representing your Chamber.

No. G. 2260 Dated 13th October 1927.

**From Chamber to the Railway Board, Government of
India, SIMLA.**

With reference to your letter No. 1679.-T, dated the 3rd Oct. 1927, I am directed by my Committee to inform you that there is no alteration in the names of the representatives of this Chamber on the commercial panel of the Rates Advisory Committee. The following gentlemen will, therefore, represent this Chamber on the same for the next term :—

1. Sir Purshotamdas Thakurdas, Kt., C. I. E., M. B. E.,
M. L. A.
 2. The Honourable Sir Phiroze C. Sethna, Kt., O. B. E.
 3. The Honourable Sir Munmohandas Ramji Vora, Kt.
 4. Mr. Manu Subedar,
 5. Mr. Kapilram H. Vakil.
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**(B) SHIPPING.
APPENDIX 14.**

INTERNATIONAL SANITARY CONVENTION.

No. 1701/772/D. General Department, Bombay Castle;
7th February 1927.

**From the Government of Bombay, General Department
to Chamber.**

I am directly by the Governor in Council to forward herewith a copy of Bombay Government Resolution no. 1701. dated the 31st January

1927, on the subject mentioned above and to request that the views of your Chamber in the matter may be Communicated to Government not later than 1st March 1927.

Bombay Castle, 31st January 1927.

GOVERNMENT OF BOMBAY GENERAL DEPARTMENT
RESOLUTION NO. 1701.

Letter from the Government of India, Department of Education, Health and Lands, No. 74/Health, dated the 18th January 1927 :—

"I am directed to refer to this Department endorsement No. 1426/Health, dated the 15th October 1926, and to say that the Government of India will be glad if the Government of Bombay will consider in consultation with the Port Trusts, Chambers of Commerce, and such other bodies representing commercial and shipping interests as the Local Government may think desirable, whether there are any objections to the ratification by the Government of India of the International Sanitary Convention, 1926, and what action will be required so far as regards the territories within their Jurisdiction to bring the Convention into effect.

"2. It will be observed that the new convention is based upon the draft revision framed by the Office International d'Hygiene Publique, copies of which were forwarded with this Department letter No 484, dated the 29th July 1922 and the Commerce Department letter No. 3322, dated the 14th June 1923. Copies of the final French text of the Convention have not yet been received by the Government of India. As however, it is desirable that the Port and Sanitary authorities and the commercial bodies affected should receive an early opportunity to consider how they will be affected and that the views of these authorities as well as of the Local Government in regard to the adoption and ratification of the new Convention should be communicated to the Government of India as soon as possible. I am to say that copies of the main report of the Indian Dele-

gation to the International Sanitary Conference and of the Preliminary English translation of the French text of the Convention may be communicated to the Port Trusts, Chambers of Commerce and other authorities affected. The main report and the translation are being published in the *Gazette of India*. It should, however, be explained that this translation is un-official and has not yet been compared with the final French text.

"3. I am desired to refer to the following provisions of the draft Convention which are engaging the attention of the Government of India and in regard to which the Local Government will be addressed separately if necessary:--

" *Articles 1-5 7, 9, etc.*--Epidemiological Intelligence.--The arrangements to give effect to the provisions regarding the collection and dissemination of epidemiological intelligence are under review by the Office Internationale and the Health Committee of the League of Nations. The Local Government will be consulted upon matters of details when the broad lines of procedure have been decided upon.

" *Article 6*--Bacteriological Examination of Rat-Affected Areas.--A reference is invited to paragraph 11 of the Supplementary (confidential) report of the delegates of the Government of India indicating the reasons for which no reservation was made in respect of this article.

" *Article 8*.--Notification of Diseases.--At the time of signing the protocol it was made clear that the Government of India are not in a position to undertake the obligations entailed by this article save to the extent of making notification of the diseases mentioned compulsory in large towns, or in cases of epidemic, on account of the present practical limitations of popular education and medical aid. The Government of India would, however, be glad to be informed of the exact statutory position regarding notifiability of diseases in large ports with overseas trade within the jurisdiction of the Local Government, and also of the views of the Local Government as to the possibility of a further extension of notifiability.

Article 28.—Deratisation.—The form of certificate is under consideration by the Offices Internationals.

Article 29—Observation, Immunisation, etc., of Pilgrims.—A reference is invited to the note written by the Public Health Commissioner with the Government of India, No. 240/1605 of 12th February 1923, a copy of which was forwarded to the local Government with this Department letter No. 352 of 29th May 1923. I am to say that the Government of India would be glad to have the views of the Local Government as to any measures that it may be possible to introduce in order to bring the existing practice into accord with the spirit of this article.

“4. The provisions of the Convention generally are under examination by the Government of India and a further reference will be made to the Local Government on any point on which it appears desirable to consult them specifically.

“5. Finally I am to say that the Government of India are taking up the question of the amendments that may be necessary to the rules under the Indian Ports Act, the Indian Merchant Shipping Act and the Indian Emigration Act and will address the Local Government separately on any questions which may arise in connection with these rules.

Resolution.—Copies of the letter from the Government of India together with a copy of the main report of the Indian Delegation to the International Sanitary Conference and of the preliminary English Translation of the French text of the Convention should be forwarded to the Surgeon General with the Government of Bombay, the Director of Public Health for the Government of Bombay, the Chairman, Bombay Port Trust, the Commissioner in Sind, the Commissioner of Police, Bombay, the Political Resident, Aden, the Port Officer, Bombay, and the Health Officers of the Ports of Bombay, Karachi and Aden, for favour of report by the 1st of March 1927. The Commissioner in Sind and the Health Officer of the Port of Bombay should be requested to submit their reports after consulting the Shipping Companies at Karachi and Bombay.

2. Copies of the letter and main report of the Indian Delegates to the International Sanitary Conference and of the preliminary English translation of the French text of the Convention should also be forwarded to the Chambers of Commerce, Bombay and Karachi, and the Indian Merchants' Chamber, Bombay, and they should be requested to favour Government with their views by the 1st of March 1927.

By order of the Governor in Council.

A. H. DRACUP,

Under Secretary to Government.

INDIAN MERCHANTS' CHAMBER.

Note on the International Sanitary Convention 1926.

This is a reference made by the Government of India to the Government of Bombay for consulting the public opinion of this Province with a view to ascertain whether there is any objection to the ratification by the Government of India of the International Sanitary Convention, 1926, and to state what action will be required so far as regards the territories within their jurisdiction to bring the Convention into effect.

This Convention of 1926 is the revised edition of the International Sanitary Convention of 1912 which was the outcome of the International Sanitary Conference of 1911, on which India was represented by Sir Benjamin Franklin. This Convention was adopted by the International Sanitary Conference, 1926, which was attended by the Indian Delegation consisting of Mr. D. T. Chadwick, Mr. J. D. Graham and Mr. R. D. Tata. The *Delegates' Report* to the Secretary of State deals in extenso the history of this revised Convention and in what respects it differs from that of 1912. It also describes how attempts were made in the Conference to introduce a new chapter to the 1912 Convention called the "*Far Eastern Chapter*". But Holland and India were opposed to such discrimination being made between countries. Their view prevailed and India was eventually dropped.

The Convention, 1926, consists of five parts :—

Part I contains measures applicable to all countries.

Part II contains supplementary measures for the Suez Canal, Red Sea and the Persian Gulf ;

Part III contains supplementary articles dealing with the pilgrimage to Mecca.

Part IV deals with the International Sanitary and quarantine Board of Egypt.

Part V deals with ratification of the Convention.

Parts II and IV do not concern our country mainly and the Part V is mere formal one about ratification.

Part III concerns us so far as the Mecca Pilgrims are concerned and some of the main suggestions regarding this question have already been in practice in India.

The interest naturally centres round Part I, which is of general nature and applicable to all countries. It refers to specific measures to be observed by countries, party to this Convention, on appearance of communicable diseases such as plague, cholera, yellow fever, typhus and small-pox.

Articles I to VI, require every Government to immediately notify the first recognised case of plague, cholera etc. and to supply certain information to the bodies mentioned in the article III. Article VI calls upon Government to carry on systematic bacteriological examinations of rats in plague-infected area, while article VIII makes the notification of these cases compulsory. The chief articles worth consideration are :—

Art. 15. Which makes any ship subject to medical inspection and thorough examination.

Art. 24. "Healthy Ship" is defined as "A ship, notwithstanding its having come from an infected port, has no human or rat plague on board, either at the time of departure or during the voyage.."

Art. 25, 26, 27 (1) and 28 are very important clauses in the Convention, as far as India is concerned.

Article No. 25 and 26 specify measures to be taken in respect of "Plague-infected and plague-suspected ships"

Article No. 27 (1) covers very wide powers as even "Healthy Ships" may be subjected to medical inspection. "to determine whether the ship comes within the definition of healthy ship." But the definition of a healthy ship is governed by article 24 which clearly puts down the conditions which go to make a ship "Healthy."

Article No. 28 lays down that "All ships except those employed in National Coast-wise service *shall be periodically deratised.*" The period being every six months.

Article 51. That warehouses and docks should be rat-proof is the recommendation made under this article. It is to be seen how far practicable and feasible the recommendation will be.

Articles 50 and 51 recommend that each Government should provide itself with a very elaborate system of medical supervision and sanitary organisation.

These are all the important clauses of the Convention 1926. The Government, being a party to the Conference which drafted this Convention, are desirous of knowing the views of the local Governments that are also requested to consult the local commercial bodies interested in this question and hence this reference.

This is not a new reference to the Chamber; the parts II and III of the Convention 1912 were referred to the Chamber in 1922 and the Committee replied that they had no views to offer. Again in 1923 the Government referred the Convention Part I and specially the article 23 re-deratisation of ships, the Committee in reply approved of the article (page 485 Annual Report of 1923.)

When similar references were made to the Bombay Chamber of Commerce and the Calcutta Chamber in 1923 regarding the article of Commerce 23 of Part I of Convention 1912, the Bombay Chamber

replied (page 507 report 1923) to the effect, "That the Committee do not wish to raise any objection" although they think that "under system will it be possible to obtain the end sought after, viz, no absolutely ratless-ships."

The Bengal Chamber of Commerce replied "after consulting the Shipping interest the Committee decided not to take exception to this proposal." The compliance with Article 23 will necessitate more elaborate arrangements in order to enable deratisation to be promptly and effectively carried out. Regarding the "*Coast-Wies Service*" it should be clearly understood that it covers all services between all ports from Aden to Singapore inclusive of the Persian Gulf. (Vide pps. 468/9 Annual report for 1923).

No. G 407 Dated 9th March 1927.

From Chamber to the Government of Bombay General Department, BOMBAY.

With reference to your letter No. 1701/772/D, dated the 7th Feb. 1927, on the subject mentioned above; I am directed by my Committee to inform you that they see no objection to the Convention* being ratified by the Government of India.

APPENDIX 15.

INDIAN PORTS ACT. :—REVISION OF RULES UNDER SANITARY CLAUSES.

No. 2458/D Bombay Cattle, 15th July 1927.

From the Government of Bombay General Department to Chamber.

I am directed by the Governor in Council to forward herewith the revised draft rules proposed to be framed under section 6 (1)

* International Sanitary Convention 1926, and the Report of the Indian Delegation on the same are not printed. Vide File No. R. 33 of 1927.

(p) of the Indian Ports Act, 1908, as subsequently amended and to request that the views of your Chamber on the draft rules may be communicated at an early date. The views of the Chamber are particularly invited on the following points, viz:—

- (1) the ports at which sanitary and inspection stations should be established under draft rules 2 and 3 :
- (2) the ports to be specified in draft rule 129 (4) regarding deratization;
- (3) the advisability of inserting in the draft rules clauses laying down the details of fumigation for mosquitoes and vermin ;
- (4) the desirability of adding to the draft rules an appendix on disinfection and disinfectants.

Draft Rules under section 6 (1) (p) of the Indian Ports Act.

In exercise of the powers conferred by section 6, sub-section (1), clause (p), of the Indian Ports Act, 1908 (XV of 1908), as amended by the Indian Ports (Amendment) Act, 1901 (IV of 1911), and in supersession of all existing rules on the subject, the Governor in Council is pleased to make the following rules *for the control of the spread of infection of dangerous, infectious and contagious diseases by vessels and the disposal of dead bodies on vessels.*

Definitions.

In these rules—

- (1) "Health Officer" means any person appointed by Government either by name or by virtue of his office, to be Health Officer of a port, and includes an Additional or Assistant Health Officer and any officer, appointed by Government, either by name or by virtue of his office, to perform any of the duties of a Health Officer of a port ;
- (2) the term "infected", when used with reference to any articles, includes all articles considered by the Health Officer to be infected with any of the diseases in question ;

- (3) the term "infected port" means any port which the local Government may, by notification, declare to be infected ;
- (4) "master", when used with reference to a vessel, means any person (except a pilot or harbour master) having for the time being charge or control of the vessel ;
- (5) "Port Officer" includes any person acting under the authority of Government in charge of port discipline ;
- (6) "Medical Officer" of a vessel means any person holding medical charge of a vessel who is in possession of a certificate or diploma in medicine and surgery of a recognised university or medical school and registered in the country in which he obtained it ;
- (7) "Calling at port" : a vessel shall not be regarded as having called at port, if she has landed only passengers and their luggage or mails without having been in communication with the shore, or if she has taken on board only the mails or passengers with or without their luggage, who have not communicated with the port or with an infected area. In the case of yellow-fever the ship shall have kept as far as possible and at least 200 metres from inhabited land at such a distance from the harbour boats and pontoons as to make access of stegomyia (*Aedes egypti*) improbable ;
- (8) "Communication with the shore", A vessel shall be considered to have been in communication with the shore—
 - (a) if any person or persons from the vessel have gone ashore or on board any vessel in communication with the shore and have afterwards returned to the vessel except with the permission of the Health Officer of the port ;
 - (b) if any person or persons from the shore or from any vessel in communication with the shore have gone

abroad and afterwards returned to the shore or vessel in communication with the shore as the case may be except with the permission of the Health Officer of the port.

PART I.

Rules to be observed at ports in India on the arrival of vessels.

1. The diseases to which the rules in this part shall apply are :—(1) Small-pox, (2) Chicken-pox, (3) Measles, (4) Plague, (5) Cholera, (6) Yellow-fever, (7) Sleeping Sickness, (8) Typhus, (9) Scarlet Fever, (10) Jigger, (a kind of skin disease) (11) Influenza and acute Influenzal Pneumonia, (12) Bilharziasis, (13) Cerebrospinal Meningitis, (14) Diphtheria and (15) Relapsing Fever.

2. At or convenient to the principal ports to be specified by order of the Governor-General in Council, sanitary stations shall be equipped with appliances for the inspection and treatment of vessels, their passengers, crews and cargoes.

3. At other ports to be specified by order of the local Government inspection stations shall be maintained.

4. The master of every vessel arriving at any port, subject to these rules, shall hoist a signal which shall be :—

by day, the Code Flag “Q” of the International Code, and by night, two red lights hoisted vertically not less than six feet apart at the main mast,

if one or more of the following conditions apply :—

- (a) if a case or suspected case of one of the diseases enumerated in rule 1 or a death from or suspected to have been from one of them shall have occurred on board at the time of departure, during the voyage or on arrival,
- (b) if the vessel has sailed from or called at a port infected with yellow-fever,
- (c) if the vessel has sailed from or called at a port infected with cholera, plague or small-pox and the subsequent voyage has not lasted 5 days in the case of cholera,

7 days in the case of plague and 14 days in the case of small-pox : Provided that this clause shall be applicable only to vessels entering the port of Aden and such other ports as may be specifically notified in this behalf by the Government of India,

- (d) if the vessel has sailed from or called at a port in or in the vicinity of which typhus fever or influenza is present in epidemic form, or if the Government of India has notified that either disease is pandemic,
- (e) if the vessel has sailed from or called at Port Sudan or Durban or any port on the east coast of Africa within the limits of these two Ports, or from any other locality declared to be infected with sleeping sickness or jigger,
- (f) if there has been unusual mortality among rats on board, and shall report every circumstance that may have occurred relating to any of the conditions above enumerated, and in the case of a vessel not carrying a medical officer any sickness or death from any cause to the Port Officer by wireless, if possible, and in every case to the pilot or other boarding officer at the earliest opportunity and shall also comply on arrival at such place as may be appointed in this behalf by Government, with such rules as may be made by Government in regard to—
 - (i) signalling the name of the port from which the vessel has come,
 - (ii) stopping at a particular place,
 - (iii) refraining from communication with the shore, and
 - (iv) taking measures for giving effect to the present rules.

5. The pilot or other boarding officer shall promptly report the circumstances of the case to the Port Officer, who shall immediately forward any report so made or give notice of any signal hoisted to the Health Officer,

6. If condition (a) or (f) of rule 4 applies when the vessel is at anchor within port limits the master shall hoist a signal, which shall, be—

by day, the Code Flag over Flag "L," of the International Code, and

by night, two red lights hoisted vertically not less than 6 feet apart at the main mast.

7. All vessels arriving under conditions specified under rule 4 shall stop at such place as Government shall by order provide and shall not proceed to the usual place of anchorage nor enter the dock until authorised to do so by the Health Officer.

8. So long as the signal prescribed by rule 4 or 6 is shown, no tindal or other person in charge of or navigating any boat shall, without the permission of the Health Officer, attempt to take it alongside such vessel.

9. Whenever the Health Officer receives the notice referred to in rule 5 he shall proceed on board and examine the vessel, and the master shall give him every facility for the examination of the passengers, crew, personal effects, cargo and any part of the vessel the Health Officer thinks necessary. The Health Officer may require a declaration written or on oath from the medical officer (if any) of the vessel or from the master or from both, whether any death or sickness from an unknown or suspicious cause or any case of any of the diseases enumerated in rule 1 has occurred on board the vessel either during the voyage or before her departure, and with reference to plague, whether any unusual mortality has been observed among rats. If the Health Officer is satisfied that such deaths or cases of sickness as may have occurred were not due to any of the causes enumerated in rule 1 he shall permit the vessel to proceed to the usual place of anchorage and to discharge passengers and cargo without any further restrictions. If he is not so satisfied he shall proceed as provided in these rules. The inspection by the Health Officer will ordinarily take place between sunrise and sunset.

10. As the result of every inspection the Health Officer shall classify the vessel as infected, suspected or healthy, in accordance with the definitions given hereafter.

11. If a case of any of the diseases enumerated in rule 1 occurs on any vessel after she has entered dock or has been moored at a wharf, the master shall forthwith cause information thereof to be given to the dock master or superintendent of the wharf, who shall communicate the information to the Health Officer (through the Port Officer) and to the Commissioner or Superintendent of Police, and shall be responsible that the sick person is isolated as much as possible, and that free communication with the wharf is stopped until the Health Officer has inspected the vessel.

12. Any case of cholera, plague, yellow-fever, typhus or relapsing fever shall be removed from a vessel on diagnosis by the Health Officer. In the case of the other diseases mentioned in rule 1 the removal of sick passengers shall not be enforced in the case of persons bound for an onward port unless under the clearest necessity of which the Health Officer shall be judge, and in this case he shall at once report the matter to Government. If such a case of infectious disease remains on board the Health Officer may, at his discretion, limit communication between the vessel and the shore.

13. The Health Officer shall inform the Municipal Health Officer in all cases in which he arranges for the conveyance of a patient to a sanitarium or hospital or other place within municipal limits; and shall furnish the Municipal Health Officer with the address of any private residence to which he permits the removal of a patient.

14. (a) Where small-pox is the disease on account of which the vessel is deemed to be infected, the Health Officer shall, when vaccination is not compulsory under Act, offer, without charge, vaccination or re-vaccination to all persons willing to be operated upon, and shall cause to be vaccinated, if their guardians or those in charge of them consent, all children below 10 years and over 6 months of age who do not bear marks of vaccination or of small-pox. Those who refuse vaccination may be subjected to surveillance for a specified period according to circumstance, but not exceeding 14 days reckoned from the date of arrival of the ship.

(b) In the case of plague, inoculation shall be offered free of charge to all willing to be inoculated; and all contacts with the sick

and suspects may be subjected after disembarkation to observation or surveillance or to observation followed by surveillance provided that the total duration of these measures does not exceed six days from the time of arrival of the ship. During the same period the crew may be prevented from leaving the ship except on duty notified to the Port Health Officer.

(c) In the case of cholera, inoculation shall similarly be offered free of charge to all willing to be inoculated; and crew and passengers, excepting those showing protection against cholera by vaccination effected within the previous six months, excluding the last six days thereof, who may be disembarked and subjected to surveillance but not to observation, may be disembarked and either kept under observation or subjected to surveillance during a period not exceeding five days reckoned from the date of arrival.

15. In the case of a vessel infected or suspected to be infected of any of the diseases enumerated in rule 1, the Health Officer shall, whenever he considers it necessary, intimate by letter or telegram to the Health authorities of the Presidency, Province or Indian State concerned, the date of departure, route, number of persons and ultimate destination in the respective Presidency, Province or Indian State of the passengers from the said vessel.

Special rules on account of cholera

16. Definitions:—

- (a) *Infected vessel*.—A vessel shall be regarded as infected if there is a case of cholera on board, or if there have been one or more cases of cholera during the 5 days (720 hours) previous to the arrival of the vessel in port.
- (b) *Suspected vessel*.—A vessel shall be considered as suspected if there have been one or more cases of cholera on board at the time of departure or during the voyage, but no fresh case in the 5 days (120 hours) previous to arrival.
- (c) *Healthy vessel*.—A vessel shall be considered healthy, notwithstanding its having come from an infected port or

having on board persons proceeding from an infected area, if there has been no death from, nor case of cholera either before departure, during the voyage or on arrival.

(NOTE.—Cases presenting the clinical symptoms of cholera in which bacteriological examination has revealed no cholera vibrios or vibrios not strictly conforming to the tests for cholera vibrios shall be subject to all measures required in the case of cholera.)

17. In the case of infected vessels the following measures shall be taken;—

- (1) Medical inspection as prescribed in Rule 9;
- (2) The sick shall be immediately disembarked and isolated.
- (3) At the discretion of the Health Officer the other persons may be disembarked and either be kept under observation or subjected to surveillance during a period which shall not exceed 5 days reckoned from the arrival of the vessel: Provided that this period be not exceeded the Health Officer may, if he considers it necessary, carry out bacteriological examination, in such place and at such time as may be convenient, of the dejecta of the sick or of other persons on the vessel;
- (4) Such bedding, soiled linen, wearing apparel and articles belonging to the crew and passengers as are, in the opinion of the Health Officer of the port, infected shall be disinfected;
- (5) Such articles of food as are in the opinion of the Health Officer infected shall be destroyed;
- (6) the parts of the vessel that have been occupied by persons ill with cholera, or that the Health Officer regards as infected, shall be disinfected;
- (7) unloading shall be carried out under the supervision of the sanitary authority or if non-existent the Health Officer who will take all measures necessary in order to prevent the infection of the staff engaged in.

unloading. The staff shall be subjected to observation or surveillance which shall not exceed 5 days from the time when they ceased unloading;

- (8) when the drinking water on board is suspected, it shall be emptied out after disinfection and replaced after disinfection of the water tanks by a supply of wholesome drinking water.

The Health Officer may prohibit the emptying of water ballast in port without previous disinfection, if it has been taken in at an infected port.

He may prohibit human dejecta or waste water from a vessel from being drained or cast into the waters of the port without preliminary disinfection.

18. For suspected vessels the following procedure is prescribed

- (1) Suspected vessels shall undergo the measures prescribed :—
in (1), (4), (5) and (8) of rule 17,
- (2) The crew and passengers may be subjected to surveillance during a period which must not exceed 5 days reckoned from the arrival of the vessel. The crew may be prevented during the same period from leaving the vessel except on duty.
- (3) Provided that the measures permitted by the preceding clause are not exceeded, the Health officer may proceed to bacteriological examination as far as is necessary.
- (4) That Health Officer may prohibit the emptying of water ballast in port without previous disinfection if it has been taken in at an infected port.

19. If the vessel has been declared infected or suspected by reason only of a case on board which exhibits the clinical symptoms of cholera and if two bacteriological examinations made with an interval of not less than 24 hours between them are negative to the true cholera and cholera-like vibrios the vessel shall be considered healthy.

20 (1) Healthy vessels shall be given pratique immediately whatever their bill of health may be.

(2) As regards these vessels the Health Officer may take the measures specified in clauses (1), (4) and (8) of rule 17.

(3) The Health Officer may prohibit the emptying of water ballast in port without previous disinfection if it has been taken in at an infected port.

(4) The crew and the passengers may be subjected to surveillance during a period which shall not exceed five days reckoned from the date on which the vessel left the infected port. The crew may be prevented during the same period from leaving the vessel except on duty.

Special rules on account of plague.

21. Definitions.

(a) *Infected vessel.* A vessel shall be regarded as infected if there is plague on board or if there have been one or more cases of plague on board within the seven days preceding its arrival or if rats infected with plague have been discovered on board after systematic search has been made.

(b) *Suspected vessel.* A vessel shall be regarded as suspected if there have been one or more cases of plague on board at the time of departure or during the voyage; but no fresh case within the seven days preceding its arrival, or if unusual mortality among rats on board has been discovered after careful examination. The vessel shall continue to be regarded as suspected until it has been subjected to the measures prescribed by the present rules at a suitably equipped port.

(c) *Healthy vessel.*—A vessel shall be regarded as healthy, notwithstanding its having come from an infected port, if—

- (1) there has been no case of plague on board either before departure, or during the voyage, or on arrival, and,
- (2) no rats infected with plague have been found on board after systematic search has been made and no unusual mortality among rats has been observed,
- (3) when unusual mortality among rats has been observed expert examination has proved that this mortality was not due to plague.

NOTE.—Before classifying a vessel the Health Officer if he is not satisfied that a proper look out for dead rats has been kept on board, and if he considers it necessary, may decline to proceed further towards granting the vessel pratique until a search has been made under his direction.

22. In the case of infected vessels the following measures shall be taken—

- (1) all persons on board shall be medically examined as prescribed in rule 9;
- (2) the sick shall immediately be disembarked and isolated,
- (3) Persons who have been in contact with the sick and those that the Health Officer has reason to consider may be disembarked at the discretion of the Health Officer. They may be subjected to observation or surveillance, or to a period of observation followed by surveillance, provided that the total duration of these measures does not exceed seven days from the time of arrival. The crew may be prevented from leaving the vessel during the same period except on duty,
- (4) such bedding, soiled linen, wearing apparel and articles belonging to the crew and passengers as are in the opinion of the Health Officer, infected, shall be disinfected and if necessary disinfected,

- (5) all parts of the vessel which have been occupied or frequented by plague patients shall be disinfected; and any other parts of the vessel that, in the opinion of the Health Officer, are infected, shall be disinfected and if necessary disinfected;
- (6) the Health Officer may, at his discretion, institute a search for dead rats and may require deratisation before the discharge of cargo if he is of opinion, having regard to the nature of cargo and the way in which it is loaded, that a total destruction of rats can be effected before discharge. In this case the ships cannot be subjected to a new deratisation after discharge. When the deratisation has not been permitted before discharge, the complete destruction of rodents on board shall be effected when the holds are empty.

The operation should avoid causing damage as far as possible to the ship and cargo, if any, and should not last longer than 24 hours and the Port Health Office will not be liable for any damage caused in carrying out the operation by recognised methods. In the case of vessels in ballast this process shall be carried out before taking cargo;

- (7) if a vessel is only to discharge a part of its cargo, and if the Health Officer considers that it is impossible to carry out complete deratisation, the said vessel may remain in the port for the time required to discharge that part of its cargo, provided that all precautions, including isolation, are taken to the satisfaction of the Health Officer to prevent rats from passing from vessel to shore, either when cargo is being unloaded or at other times;
- (8) if the Health Officer so requires, the discharge of cargo may be carried out under his control. The Health Officer shall take all measures necessary to prevent the staff employed on this duty from becoming

infected. The staff shall be subjected to observation or to surveillance for a period not exceeding seven days from the time when they have ceased to work at the unloading of the ship.

23. When the measures prescribed in rule 22 have been duly taken in respect of any infected vessel the Health Officer shall, by written order, grant pratique provided that, if a case of plague or of illness suspected to be plague, occurs on board subsequent to the grant of the above certificate shall become invalid and the vessel again become subject to the requirements of the rules regarding infected vessels.

24. In the case of plague suspected vessels the measures specified in (1) (4), (5) and (6) of rule 22 shall be taken at the discretion of the Health Officer. In addition the crew and passengers may be subjected to surveillance or observation, the duration of which, dating from the arrival of the vessel, shall not exceed seven days. The crew may during the same period be prevented from leaving the vessel except on duty.

25. When the measures prescribed in rule 24 have been taken in respect of any vessel; the Health Officer shall by written order, grant pratique.

26. Health vessels shall be admitted to free pratique immediately. The only measures which the Health Officer may take as regards these vessels are the following:—

- (i) medical inspection as prescribed in rule 9;
- (ii) destruction of rats on board in exceptional cases and for well-founded reasons which shall be communicated in writing to the master of the ship;
- (iii) the crew and passengers may be subjected to surveillance during a period which shall not exceed seven days reckoned from the date on which the vessel left the infected port. The crew may during the same period be prevented from leaving the vessel except on duty notified to the Health Officer,

27. The Health Officer may on arrival of the vessel in all cases demand a certificate, given on oath, from the doctor of the vessel, or in his default, from the master, certifying that there has not been a case of plague since departure, and that unusual mortality among rats has not been observed.

28. If in the case of any vessel making a passing call, the communication with the shore is restricted to the landing of passengers, mails or goods, the Health Officer may, in his discretion, enforce the provisions of rule 22, rule 24 or rule 26, as the case may be, to such extent only as may, in his opinion, be necessary for the purpose of controlling the actual communication with the shore:

Provided that any persons on board the vessel whom the Health Officer has reason to believe to be suffering from plague shall be landed and kept under observation.

Provided further that vessels from an infected place that have been disinfected and have undergone adequate sanitary measures shall not, on their arrival in another port, be subjected to these measures a second time if no case has occurred since the disinfection was performed and if they have not called at an infected port.

29. (1) All vessels, except those employed in national coastwise service, shall be deratised at least once in every six months or be permanently so maintained that any rat population is kept down to the minimum. In the first case they will receive deratisation certificates and in the second deratisation exemption certificates.

NOTE.—Vessels employed in national coastwise service should be kept as free from rats as possible by every practicable means.

(N. B.—The expression "vessels employed in national coastwise service" does not include vessels sailing, e.g., to Ceylon.)

(2) The Health Officer of the port in which deratisation has been effected shall deliver to the captain, to the owner, or his agent a certificate stating the date of the operation, the port where it was carried out, the technique employed, and number of rats destroyed.

(3) The Health Officers of ports should take the above-mentioned certificate into account in considering what measures should be taken, especially with regard to action taken under rule 26 (iii).

(4) The Health Officer of the following ports,—
in the absence of a deratisation certificate or of a deratisation exemption certificate in the case of arrivals which are not employed on national coastwise service, may, after enquiry and inspection, proceed to carry out deratisation of the vessel, or may cause such operation to be carried out under his direction and control, deciding in each case the technique to be employed having regard to avoiding damage to the ship where possible. On completion of the operation which should not last more than 24 hours and should take place on vessels in ballast before they take cargo, a dated deratisation certificate shall be issued showing details of the technique applied and of the number of rats destroyed. If, however, the Health Officer is satisfied that the ship is maintained in such a condition that the rat population is reduced to a minimum, he may issue a dated deratisation exemption certificate on which his reasons for this course should be set forth.

30. Rules 21 to 29 shall not prevent the transshipment, under restrictions to be imposed by the Health Officer in conformity therewith, of passengers, mails or goods between vessels which have not been granted pratique.

Rules applicable to both cholera and plague.

31. If any case of plague or cholera occurs among any group of persons who are being kept under observation, the patient shall be isolated or sent to a hospital and the other persons shall continue to be detained and segregated as aforesaid for a period not exceeding seven days or five days from the date on which the group became free from plague, or cholera, respectively. The clothes and effects of the patient and of such persons as have been in contact with the patient shall be disinfected at the discretion of the medical officer in charge.

32. The medical officer in charge of any place appointed for the isolation of any persons under these rules may, in his discretion, by written order, direct that any person who is kept there under observation shall be allowed to depart and shall be subjected to surveillance.

33. If the system of surveillance to which any person is subjected on shore requires his daily attendance before a medical officer, the Health Officer may, by written orders exempt such person from such

attendance on being satisfied that he may be relied upon to send in a report if he should fall sick,

34. Persons subjected to surveillance shall submit to, and comply with, all directions as to medical supervision or otherwise, which may be given by written order of a medical officer appointed by Government in this behalf.

Special rules on account of yellow-fever.

35. Definitions :--

- (1) *Infected vessel*.—A vessel shall be declared as infected if there is a case of yellow-fever on board or if there was any at the time of departure or during the voyage.
 - (2) *Suspected vessel*.—A vessel shall be regarded as suspected if it has had no case of yellow-fever but if it arrives after a voyage of less than six days from an infected port or from a port in close relation with an epidemic centre of yellow fever and if there is reason to believe that it may be transporting *Aedes aegypti* (stegomyia) from the aforesaid port.
 - (3) *Healthy vessel*.—A vessel shall be regarded as healthy, notwithstanding its having come from an infected port, if in the conditions indicated in the previous sub-paragraph 35 (2) there is no reason to believe that it transports adult *Aedes aegypti* (stegomyia) or when it is proved to the satisfaction of the authority of the port of arrival,--
 - (a) that the ship during its stay in the port of departure was moored at a distance of at least 200 metres from the inhabited shore and at such a distance from the harbour vessels, lighters, pontoons as to make access of *Aedes aegypti* (stegomyia) improbable.
 - (b) or that the ship at the time of departure was effectively fumigated in order to destroy mosquitoes.
- (36) The first port of entry for vessels infected with yellow-fever shall be one of the ports specified under rule 2.

(37) In the case of infected vessels the following measures shall be taken :—

- (i) medical inspection as prescribed in rule 9 ;
- (ii) the persons infected shall be disembarked and those of them who are in the first five days of the disease shall be isolated in such a manner as to prevent infection of mosquitoes ;
- (iii) the other persons shall also be disembarked and kept under observation for a period which shall not exceed six days from the date of disembarkation ;
- (iv) the vessel shall be moored, whenever possible, at least 200 metres from the inhabited shore, and from other vessels (lighters, pontoons) and boats in the port ;
- (v) the destruction of mosquitoes in all phases of growth shall be carried out on board as far as possible before the discharge of cargo. If the latter is not possible, the discharge shall be carried out under the control of the Health Officer and the persons employed shall be subjected to observation or to surveillance during the process and for six days from the time at which they ceased to be exposed to the risk of infection.

38. In the case of suspected vessels the measures indicated under rule 37 (i), (iii), (iv) and (v) may be taken provided that:—

- (i) if the voyage has lasted less than six days and if the vessel complies with the conditions specified under (a) and (b) of paragraph (3), rule 35, the vessel shall be subjected to the measures prescribed in rule 37 (i) and (iii) only and to fumigation,
- (ii) if more than six days have elapsed after the departure of the vessel from the infected port without any case having occurred on the voyage the vessel may be granted free pratique subject to fumigation at the discretion of the Health Officer.

39. Healthy vessels shall be admitted to free pratique immediately after medical inspection.

Special rules on account of small-pox, chicken-pox, measles, typhus fever, scarlet fever, bilharziasis, cerebro-spinal meningitis, diphtheria and relapsing fever.

40. Definitions:—

- (a) Infected vessel.—A vessel shall be regarded as infected if there is a case of one of these diseases on board, or if there have been one or more cases within fourteen days of arrival.
- (b) Suspected vessel.—A vessel shall be regarded as suspected if there has been a case of one of these diseases on board, but no fresh case within fourteen days of arrival.

41. In the event of a vessel being classed either as infected or suspected on account of any of the above mentioned diseases, the Health Officer:—

- (1) shall arrange for the conveyance of any person suffering or suspected to be suffering from such disease to a sanitarium or hospital, unless the sick person or his friends can make adequate provision elsewhere to the satisfaction of the Health Officer; but he shall not enforce the removal from the vessel of any person or persons bound for an onward port except as provided for in rule 12;
- (2) may detain under observation or keep under surveillance persons whom he suspects of having been exposed on board to infection of small pox, typhus, relapsing fever or scarlet fever, during a period which, reckoned from the date of arrival of the vessel, must not exceed 14 days in the case of small-pox, and 12 days in the case of the other diseases. In the case of small-pox, persons reasonably suspected of exposure to infection on board and, who, in the opinion of the

Health Officer are not sufficiently protected by recent vaccination or by a previous attack of small-pox, may be subjected to vaccination or to surveillance, or to vaccination followed by surveillance, such surveillance being for not more than 14 days from the arrival of the vessel. In the case of typhus and relapsing fever such persons shall be deloused ;

- (3) may direct such bedding, soiled linen, wearing apparel, and articles belonging to the crew and passengers, as he considers to be infected, to be disinfected or disinsected ;
- (4) may order that any portion of the vessel that has actually been exposed to contamination or is in a filthy or insanitary condition, or which he considers likely to be infected, should be disinfected and cleansed as he may direct and may prohibit the discharge of bilge-water or ballast water within port limits without previous disinfection ;
- (5) may, in the case of undecked craft, direct the disinfection, or in special cases the destruction, of food-stuffs, which have been exposed to contamination and are considered likely to be infected ;
- (6) in the case of bilharziasis, shall enforce sub-rule (1) only.

Special rules on account of sleeping sickness.

42. In the case of a vessel having on board a person suffering or suspected to be suffering from sleeping sickness, the person or persons shall not be permitted to land without the specific written permission of the Health Officer, who may, pending the receipt of written instructions from Government, permit the landing of such persons only if arrangements can be made for their strict isolation on shore. In the case of Aden, the Health Officer may prevent the embarkation of or, subject to the arrangements above referred to, may disembark any person proceeding to India who is suffering or suspected to be suffering from sleeping sickness.

43. In the case of a vessel arriving from the East Coast of Africa within the limits laid down in rule 4 (e) or from other localities declared to be infected with sleeping sickness, a medical inspection shall be conducted in accordance with rule 9, provided that in the case of vessels bound for an onward port the inspection shall be limited to passengers and members of the crew disembarking or transhipping.

Special rules on account of jigger.

44. In the case of a vessel having on board any person or persons suffering from jigger or having started from a port within the localities laid down in rule 4 (e) or from other localities declared to be infected with jigger ;--

(1) the Health Officer shall examine every person on board whom he has reason to consider as having been exposed to infection with jigger and any persons found to be suffering shall be removed to hospital for treatment ;

(2) the clothes, bedding and personal effects of infected persons shall be disinfected, and the Health Officer may, in his discretion, order the disinfection of the clothes, bedding, etc., of all persons on board ;

(3) any part of the vessel which in the opinion of the Health Officer of the port of arrival is infected shall be disinfected ;

(4) the ballast of such vessel, if of earth or sand, shall not be landed without the permission, in writing, of the Health Officer, who, if he considers necessary, may order that it shall be discharged into the sea
river at such places as shall be appointed for the purpose by Government.

*Special rules on account of influenza and acute
influenzal pneumonia,*

45. Definitions ;--

- (a) *Infected vessel*.—A vessel shall be declared as infected if there are one or more cases of influenza or influenzal pneumonia on board at the time of arrival.
- (b) *Suspected vessel*.—A vessel shall be declared as suspected if there have been one or more cases of influenza or influenzal pneumonia on board at the time of departure or during the voyage, but no case at the time of arrival.

46. In the case of an infected or suspected vessel,--

- (1) the Health Officer shall examine every person on board and any person or persons found to be suffering shall, at his discretion, be removed to hospital for treatment;
- (2) the clothes of infected persons shall be disinfected, and the Health Officer may, at his discretion, order the disinfection of the clothes, bedding, etc., of all persons on board.

Rules applicable to all diseases.

47. The master of any vessel coming under these rules shall comply with all directions which the Health Officer may consider necessary under the foregoing rules.

48. Vessels refusing to submit to measures prescribed in these rules shall be at liberty to put out to sea; Provided that such refusal has been made before there has been any communication, except by signal or through the port authorities, between such vessel and the shore or with any other vessel in port. Such vessels may be permitted to disembark passengers at their request, on the condition that such passengers submit to the measures prescribed by these rules; such vessels if isolated, may also take on fuel, foodstuffs and water.

49. In the event of any vessels putting back to sea the Health Officer shall intimate the fact, if possible by telegraph, to the next port of call,

Persons.

50. All persons removed to hospital, or kept under observation at any place, shall obey and conform to the rules, regulations, and orders for the time being in force at such hospital or place, and shall be liable to pay all such charges as for the time being may, under the sanction of Government, be made against them.

51. When a suspected case of any infectious disease is removed from a vessel any port the Health Officer shall report the confirmation, or otherwise, of the diagnosis by telegram to the Health Officer of the next port of call if that port is in India, Ceylon or the Straits Settlements. In other cases a note shall be made on the bill of health stating the nature of the suspected infectious disease and the precautions taken in connection therewith.

*Rules to be observed in the case of vessels leaving ports in India
for ports beyond India.*

52. No vessel shall leave any port which has been declared to be infected with any contagious disease for any port beyond India until—

(1) all persons sailing by the vessel, either as passengers or as members of the crew, have been medically examined by the Health Officer;

(2) in the case of plague—

(a) all persons sailing by the vessel, either as passengers or as members of the Crew, (except such onward bound passengers as have not remained one night on shore and such members of the crew as have not remained one night on the shore or have newly joined, who may be examined on board) have been medically examined by the Health Officer on shore by day as shortly as possible before embarkation;

(b) all merchandise or articles of any sort which the Health Officer may consider to be infected with plague have been disinfected on shore previous to embarkation;

- (c) all clothing, bedding and infected articles belonging to Asiatic and African members of the crew, not being officers engineers or doctors, to deck, and fourth class passengers, and third class passengers not entitled to cabin accommodation, which the Health Officer may consider to be infected with plague, and, if the Health Officer thinks fit so to direct, all clothing, bedding and infected articles belonging to passengers of any class higher than the third and of any members of the crew have been disinfected on shore by day as shortly as possible before being placed on board;
- (3) the Health Officer has given to the master of the vessel a bill of health stating that the medical examination and disinfection prescribed by this rule have been carried out;
- (4) in the case of any disease other than plague the Health Officer may, in his discretion, enforce the provisions of clauses (2) (b) and (2) (c) above:

Provided that if the vessel is only making a call at the port in question, the medical examination and disinfection prescribed by this rule shall be made only in the case of persons joining the vessel there and articles belonging to them, unless there is communication between the vessel and the shore. The bill of health in such case need only take the form of an endorsement on the last bill of health held by the vessel and need only refer to the passengers and crew embarking at the port in question.

53. It shall be open to the Consular representative interested in any vessel to be present, if he so desires, at the medical examination and disinfection prescribed by rule 52.

54. If any vessel does not leave port within 24 hours after the medical examination made under rule 52 she shall not leave until--

- (a) a fresh medical examination of the passengers and crew has been made under that rule, and

- (b) a fresh bill of health has been given to the master under that rule:

Provided that such fresh examination may be conducted on board the vessel, whether or not there has been communication with the shore since the previous examination was made, and provided that if the time of departure be after sunrise on the day after that of inspection, the master of the vessel shall send the bill of health to the Health Officer to have the date of departure amended.

55. If, after a bill of health has been given to the master of any vessel and before the vessel leaves the port, any cargo or goods of any kind be placed on or taken off the vessel except in such manner as may be directed by the Health Officer, the vessel shall not leave the port until—

- (a) such further medical examination and disinfection as the Health Officer may consider necessary have made under rule 53, and

- (b) a fresh bill of health has been given to the master under that rule;

Provided that such further examination and disinfection may be conducted on board the vessel.

56. (1) After a bill of health has been given to the master to any vessel no person except the pilot or person authorised by the Health Officer shall be permitted to embark on the vessel unless he has been medically examined by the Health Officer as prescribed in rule 52.

(2) If any such person is permitted to embark, the Health Officer shall amend the bill of health accordingly.

57. Port-clearance shall not be granted for any vessel, unless and until the master produces the bill of health prescribed by the foregoing rule;

Provided that, at any port where, in the opinion of Government,

local conditions render this relaxation advisable, the authority responsible for granting port-clearance may grant port-clearance for any vessel on receiving from the agents of the vessel a written guarantee that a duplicate of such bill of health, signed by the Health Officer, will be furnished by them to him within forty-eight hours.

58. If the Health Officer considers that any passenger is suffering from, or is in the incubation stage of any infectious or disease, he shall prevent such passenger and any persons who in the opinion of the Health Officer have been in dangerous communication with such passenger from embarking or sailing: and their baggage and personal effects shall not be allowed on board the vessel and, if already placed on board, shall be removed as early as possible.

59. (1) If the Health Officer considers that any member of the crew of the vessel is suffering from, or is suspected to be in the incubation stage of, any infectious or contagious disease--

(a) he shall prevent such member from re-embarking on such vessel and shall refuse to give a bill of health until the baggage and personal effects of such member have been removed from the vessel and such parts of the vessel as have been occupied or frequented by such member have been disinfected; and

(b) the baggage and personal effects of such persons as were in immediate contact with such members of the crew shall be disinfected, and the names of such persons shall be given to the medical officer or master of the vessel for supervision on the voyage.

(2) If the Health Officer of the port considers that the rats on board are infected with plague he shall destroy the rats as under rule 22 (6).

(3) All action taken under clauses (1) and (2) of this rule for the disinfection of a vessel shall be noted in the bill of health.

60. Any person who is prevented by the Health Officer under the foregoing rules from embarking or sailing, may be removed to and

kept at a hospital or kept under observation; or if any such person gives a genuine address, he may, at the discretion of the Health Officer, be subjected to surveillance for a period not exceeding five days.

61. At all ports declared to be infected with plague proper measures shall be taken to prevent rats obtaining access to vessels.

62. Rules 52 to 61 shall apply to all pilgrim or emigrant vessels and may, by order of Government, be applied to vessels leaving a port in India or Burma for another in India or Burma.

Rules applicable to Part I and Part II.

63. The Health Officer may, at any time, inspect any vessel, barge, lighter or country craft within the precincts of the port in regard to the prevalence and breeding of mosquitoes thereon, and make recommendation to the master, owner or agent for the destruction of these insects, and for the elimination or protection of breeding places on board.

In special seasons, to be notified by the local Government, the Health Officer may require such measures to be adopted, and in default carry them out himself at the expense of the master, owner or agent.

64. The Port Health Officer may direct the disinfection or in special cases the destruction of foodstuffs which have been exposed to contamination and are considered likely to be infected with any disease or to be dangerous to public health.

65. (a) The Port Health Officer shall, on request, furnish the Captain or any representative of the owner or agent, free of charge, undergone, with a certificate specifying the nature of the sanitary measures and the methods applied, the parts of the ship treated, and the reasons for employing such measures.

(b) He shall, on request, furnish any passenger who has arrived by an infected ship, free of charge, with a certificate setting out the date of arrival and the measures to which the passenger or his baggage has been subjected,

Disposal of dead bodies.

66. Disposal shall be as follows :—

- (1) If death occurs on board a vessel before entering port limits, the body shall, unless there are special reasons to the contrary, be buried at sea in not less than nine fathoms of water, in such manner as shall secure its immediate sinking and remaining below the surface,
- (2) If death occurs during the day on board a vessel within the port limits the ensign and house flag, if there is one, are immediately to be lowered half-mast and kept in such position from sunrise till sunset as long as the body remains on board. If death occurs between sunset and sunrise, one red light is to be hoisted at the peak, half-mast high.
- (3) The master of the vessel shall cause the death of a person on board to be intimated forthwith to the police, either by letter or otherwise and shall forward to the Port Officer a written report as soon as possible after the occurrence, in which all the circumstances attending the death must be fully detailed.
- (4) No dead body shall be removed from a vessel within port limits without the permission of the police, which shall not be given until the Health Officer has certified either—
 - (a) that the death is not due to infectious disease, or
 - (b) that, in the case of infectious disease, the port authorities have given permission for burial on shore.

If the Port authorities in consultation with the Health Officer decide that burial on shore cannot be permitted, the body must be buried at sea in such manner as the Health Officer may direct,

No. G. 2137 26th September 1927-

From Chamber to the Government of Bombay General Department, Bombay.

I am directed to acknowledge receipt of your letter No. 2458/D, dated the 15th July 1927, and its accompaniments re; above and send hereby the views of my Committee on the same.

My Committee have carefully considered the letter of the Government of Bombay together with the draft rules under Section 6, sub-section (1), Clause P of the Indian Ports Act and they approve of the same generally, subject to the following remarks :-

With regard to draft rules 2 and 3, my Committee suggest that sanitary stations should be established at Karachi, Bombay, Madras, Calcutta, Chittagong, and Rangoon. Inspection stations also should be established at two or three important Ports on the Konkan Coast, Mangalore, Tuticorin, Negapatam, Coanada, Gopalpore, Puri, Akyab and Moulmien.

As regards the specification of ports in draft rule 29 (4) regarding deratization, my Committee suggest that the Ports of Bombay, Karachi, Madras, Calcutta, Chittagong, Moulmien and Rangoon should be so specified.

With regard to the advisability of embodying in the draft rules clauses laying down the details of fumigation for mosquitoes and for vermin, my Committee consider it desirable that details of manner in which fumigation should be carried on for mosquitoes and for vermin should be embodied in the draft. They also consider it essential that full particulars of the procedure in regard to deratization should also be incorporated in the draft rules. An Appendix on disinfection and disinfectants should also be attached to the draft rules.

My Committee observe that under Rule 29, sub-section I, vessels employed in national coastwise service are exempted from deratization certificates or deratization exemption certificates. Sailing of a vessel to Ceylon from India according to N. B. to that rule is not construed as national coastwise service. My Committee submit that Colombo is always a very important port of call for all vessels engaged in the

coasting trade of India either for going from the West Coast to the East or from the East to the West Coast or coming from or proceeding to Burma. It is surprising that sailing to Ceylon is not included in the national coastwise service, for the purpose of Sub-section I, Section 29. They submit that such sailings should be construed as national coastwise service.

While my Committee are prepared to support the suggestion regarding the burden to be put on shipping for the purpose of the health of the people of a particular Port burdens such as restriction on the discharge of cargo, as contained in sub-section 7 of Section 17 or sub-section 6, 7 and 8 in Section 22 they wish to make it clear that such burdens should not be costly and should not put the shipping to unnecessary loss by uncalled for delay resulting from their operation.

As regards the principle of putting the relatives of passengers suffering from infectious diseases under observation and surveillance, my Committee believe the same has already been recognised. This principle is, however, extended and its application has been made stricter than before in the draft rules under consideration. It is difficult to pronounce any opinion at this stage as to whether they will cause any unnecessary hardship under actual practice; my Committee, however, desire to express their general agreement with all the rules in this connection provided the Government consent to re-consider the matter if they really cause uncalled for hardship to passengers and their relatives.

APPENDIX 16

UNIFORM BILL OF LADING.

No. F/153, Bombay. 30th March 1927.

From The Federation of Indian Chambers of Commerce to Chamber

I am directed to forward herewith my note on the question of adoption by the Shipping Companies of a uniform Bill of Lading. The matter is to come up for consideration before the Committee of the Federation who meet on the 5th & 6th May. I shall therefore thank you to send to me the views of your Committee so as to reach me not later than 1st May 1927,

THE FEDERATION OF INDIAN CHAMBERS OF COMMERCE.

Note on the Uniformity of Bills of Lading.

The problem of uniformity of Bills of Lading has been engaging the attention of the shipowners, shippers, Bankers and Underwriters for well-nigh 20 years. Representatives of all these interests, specially in Maritime countries, not only agreed to the principle that the Bill of Lading should be a very simple, uniform and intelligible document, but that it should also be fair and equitable to shippers and shipowners alike; the matter was discussed at several International Conferences between shipowners, Shippers and Bankers with a view to arrive at the Universal adoption of an agreed set of rules. In 1921 the Imperial Shipping Committee issued a report recommending uniform legislation throughout the Empire on the lines of the Canadian Water Carriage of Goods Act. This recommendation was approved of at the Imperial Conference of 1921.

The outcome of all these discussions was a code of rules drawn up in 1921 by the International Law Association at Hague, known as the "Hague Rules". These were subjected to criticism by the various interests affected and an agreement was finally reached at the International Conference on Maritime Law held in Brussels in 1922. These rules were finally amended at the next session of the International Conference on Maritime Law that was held in Brussels in 1923. And the representatives of different nations present at the Conference unanimously recommended that the rules should be embodied in the legislation of all countries.

The United Kingdom accepting the recommendations of the Conference at Brussels embodied these rules in a Bill, which was introduced in both the houses in 1923 and which was passed into "The Carriage of goods by Sea Act of 1924".

The Government of India, following the example of the United Kingdom introduced in the Legislative Assembly on 4th February 1925, a bill called "The Indian Carriage of Goods by Sea", stating in its preamble that "Whereas it is expedient that like provision should

be made in British India." This bill was eventually passed into Law known as the "Indian Carriage of Goods By Sea Act of 1925" It only remained for the Shipping Companies then to adopt these rules in their Bills of Lading, the forms of Bills of Lading previously in use being rendered out of date. The Shipping Companies in Eastern Trade have tried to overcome this difficulty by stamping across the face of the forms a "Clause Paramount" to the effect that it is subject to the "Indian Carriage of Goods by Sea Act of 1925". But instead of simplifying the form this has led to more complications in the nature of the document. This has engaged the attention of the British Federation of Traders' Association and a form of Bill of Lading was drafted by that Federation for the Eastern Homeward Trade which should satisfy all the requirements of the Act. This draft was also approved of by all the Affiliated Traders' Associations and is based to a large extent on the form agreed upon between the Atlantic Shipping Companies and shippers from America and modelled on one in common use in other parts of the world. Due consideration was also given by that Federation for condition peculiar to the Indian Trades.

That Federation then made representations to the Calcutta-U. K. Conference, pointing out the disadvantages of the present form and emphasising the desirability of adopting a simple and uniform Bill of Lading. The Conference replied, that whilst appreciating the desirability of a uniform Bill of Lading, they regret they could not see their way to adopt the draft Bill of Lading as the clauses in the present Bill of Lading had been inserted as a result of long experience and where they conflicted with the Indian Carriage of Goods by Sea Act, they were rendered of no effect by the "Clause Paramount" stamped on the face.

It seems from the above that efforts have been made by the British Federation of Traders' Association to prevail upon the shipping lines in Eastern Trade to accept a uniform, simple and intelligible Bill of Lading, which the Shipping Companies refuse to do.

In October last the London Chamber of Commerce wrote in this respect to Sir Purshotamdas Thakordas, Kt., forwarding a copy of

their Circular Letter addressed to all Chambers in India and Ceylon. Sir Purshotamdas Thakurdas has sent that letter on to the Federation with a suggestion that it should be taken up by the Federation.

If the Members of the Executive Committee agree that the Executive Committee agree that the Federation should take up this subject, it will, after consulting the views of the various Chambers and Commercial Associations, present a suitable representation to the proper authorities.

No. G./793 dated 20th April 1927.

**From Chamber to the Federation of Indian Chambers of
Commerce, Bombay.**

With reference to your letter No. F. 153, dated 30th March 1927, I am directed by my Committee to inform you that they have no objection to the adoption of a uniform, simple and intelligible Bills of Lading and the stamp re: "Clause Paramount" used by the Eastern Shipping Companies in view of the Indian Carriage of Goods by Sea Act, 1925, should be deleted.

APPENDIX 17.

INDIANISATION OF BOMBAY PORT TRUST SERVICES.

No. G./797 dated 20th April 1927.

**From Chamber to the Government of Bombay, Marine
Department, Bombay.**

The attention of the Committee of this Chamber has been drawn to statements prepared by the Bombay Port Trust giving information regarding employment of Indians in higher grades of the Port Trust Service. My Committee presume you must have got the statements from the Port Trust and so do not enclose copies of the same. They are much concerned to find that these statements reveal a deplorably

slow process of Indianisation of the Port Trust Service. The number of new posts sanctioned and vacancies during the past six years was 85 which were filled by 9 Indians 15 Anglo-Indians and 59 Europeans! Again number of new posts filled by direct recruitment was 38 which were filled by 3 Indians, 1 Anglo-Indian and 34 Europeans. These figures speak for themselves and do not require any disquisition from my Committee. Except pilot service, all services seem to be services for which qualified Indians can be found and should have been selected. As regards Pilot service, a beginning should be made early to train Indians by sending them at Port Trust expense, if necessary, to England. It is a matter of deep regret that a progressive Government like the Bombay Government chooses to remain indifferent to the problem of Indianisation of the Port Trust Services and my Committee trust that action will soon be taken in the direction of filling all higher appointments by statutory Indians.

BOMBAY PORT TRUST.

Statement No. 1.

Statement showing the number of new posts sanctioned and vacancies during the past six years of posts carrying a minimum pay of Rs. 500 and over.

Departments.	1921.	1922.	1923.	1924.	1925.	1926.
Deputy Chairman ...		...	...	...	1	
Secretary ...		...	1	1	...	
Chief Accountant ...		2	...	3	1	4
Chief Engineer ...		6	7	5	5	4
Mech : Superintendent.		8	5	1	5	2
Docks Manager ...		3	1	2	1	
Land Manager ...		1				
Railway Manager ...		2	2			
Port Officer ...		2			2	1
Pilots ...	1		2	1	1	2
Total...	1	24	18	13	16	13

TOTAL 85.

BOMBAY PORT TRUST,

Statement No. II.

Statement of the number of new posts sanctioned and vacancies during the past six years of posts carrying a minimum pay of Rs. 500 and over, showing the number filled by direct recruitment and by promotion from the junior ranks.

Departments.	1921.		1922.		1923.		1924.		1925.		1926.	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Dy. Chairman ...										1		
Secretary ...					1		1					
Chief Accountant				2				3		1		
Chief Engineer...			2	4	5	2	4	1	1	4	2	2
Mech: Suptd. ...			8	...	4	1	1		2	3		*2
Docks Manager.			1	2		1		2		1		2
Land Manager...				1								
Railway Manager				2	1	1						
Port Officer ...										2		1
Pilots... ..	1			2	2		1			1	1	1
	1	...	11	13	13	5	7	6	3	13	3	8

(a) Direct recruitment ... 38

(b) Promotions from Junior ranks ... 45

* Vacancies not filled ... 2

85

BOMBAY PORT TRUST.

Statement No. III.

Statement of number of new posts sanctioned and vacancies during the past six years of posts carrying a minimum pay of Rs. 500 and over showing the number filled by

(a) Indians

(b) Anglo-Indians

(c) Europeans,

Department.	No.	Indians. (a)	Anglo-Indians. (b)	Europeans. (c)
Deputy Chairman ...	1	...	...	1
Secretary ...	2	2	...	...
Chief Accountant ...	6	3	3	...
Chief Engineer ...	27	1	3	23
Mech: Superintendent ...	23	...	3	18
Docks Manager ...	9	1	4	4
Land Manager ...	1	...	1	...
Railway Manager ...	4	2	1	1
Port Officer ...	5	...	...	5
Pilots ...	7	...	...	7
	85	9	15	59

2 Vacancies not filled.

BOMBAY PORT TRUST.

Statement No. IV.

Statement showing number of new posts and vacancies carrying a minimum pay of Rs. 500 and over filled by direct recruitment by

(a) Indians (b) Anglo-Indians and (c) Europeans.

Department.	Direct Recruitment.	Indians.	Anglo-Indians.	Europeans.
Deputy Chairman ...	...	...	...	...
Secretary ...	2	2	...	...
Chief Accountant ...	...	...	...	...
Chief Engineer ...	14	...	...	14
Mech: Superintendent ...	15	...	1	14
Docks Manager ...	1	...	...	1
Land Manager ...	...	...	...	...
Railway Manager ...	1	1	...	...
Port Officer ...	...	...	...	...
Pilots... ..	5	...	...	5
	38	3	1	34

Statement 5.

List of officers recruited from outside showing whether applications were invited by advertisement in India and in Great Britain or both.

Appointment.	Name.	Post advertised in India	Post advertised in Great Britain.	Post advertised both in India & Great Britain.	Remarks.
<i>Secretary's Department.</i>					
Probationer ...	Mr. S. M. Saleem...			Yes.	
"	" A. S. Bakre ...			Yes.	
<i>Chief Engineer's Deptt.</i>					
Chief Engineer ...	Mr. W. H. Neilson.			Yes.	
Dy. Chief Engineer ...	" G. E. Bennett.			Yes.	
Sr. Asstt. Engineer ...	Mr. Milne ...				Engaged by the Consulting Engineers & Agents.
Jr. Foreman Diver ...	Mr. Mackenzie ...				do.
Engineering Asstt. ...	Mr. F. J. Green ...				do.
"	Mr. Everatt ...				do.

Appointment.	Name.	Post ad- vertised in India.	Post advertis- ed in Great Britain.	Post advertised both in India & Great Britain.	Remarks.
Engineering Asstt: ...	Mr. J. A. Rolfe ...	...			Engaged by the Consulting Engineers & Agents.
Chief Engineer & Relieving Dredging Master. ...	Mr. Walker ...	...			Engaged locally.
Dredging Master "Barbus" ...	Mr. Pallard ...	...			} Came out with the Dredger "Barbus" for 10 months.
Chief Engineer & R. D. Master "Barbus" ...	Mr. Boldt. ...	...			
R. D. Master "Chelura" 2nd Engineer & R. D. Master "Chelura" ...	Mr. Patterson ... Mr. Walker ...				} Came out with the Dredger "Chelura" for 9 months.
Chief Engineer's Dept. (contd.)					
Boring Foreman ...	Mr. Hanby ...	...			Engaged by the Consulting Engineers & Agents.

Appointment.	Name.	Post advertised in India.	Post advertised in Great Britain.	Post advertised in India and Great Britain.	Remarks.
Engineer & Dredging Master "Nautilus," ...	Mr. Robertson ...				Engaged by the Consulting Engineers & Agents.
Mechanical Supdt's Deptt.					
Asstt : Mechl. Suptd. ...	Mr. B. C. Sharpe ...				Engaged by the Consulting Engineers & Agents.
do,	Mr. McGregor ...				
do.	Mr. Young ...				
do.	Mr. Bowers ...				
do.	Mr. Watt ...				
do.	Mr. Stewart ...				
do.	Mr. Prior ...				
do.	Mr. Latte ...				
do.	Mr. Arnold ...				

Appointment.	Name.	Post advertised in India.	Post advertised in Great Britain.	Post advertised in India and Great Britain.	Remarks.
Asstt Mech. Supdt ...	Mr. B. Shaw	...	...	...	Engaged by the Consulting Engineers & Agents.
do.	Mr. Henry	...	...	...	do.
do.	Mr. McCracken	...	...	...	do.
Electrical Foreman ...	Mr. Benford	...	...	...	Engaged locally in an acting arrangement.
Engineer, Hydraulic Establishment, Alexandra Dock ...	Mr. Edwards	...	...	...	do.
Senior Shipwright Foreman ...	Mr. R. Hill	...	...	...	Engaged by the Consulting Engineers & Agents.
<i>Dock's Manager's Deptt.</i>					
Probationer.	Mr. F. S. Williams.	...	...	...	Selected by the Consulting Engineers & Agents.

Appointment:	Name	Post advertised in India	Post advertised in Great Britain	Post advertised both in India & Great Britain	Remarks.
<i>Railway Manager's Deptt.</i>					
Probationer ...	Mr. Nadir	...		Yes	
<i>Pilots.</i>					
Pilot.	Mr. Vint	...	Yes		Engaged locally.
do.	" Williams	...			do.
"	" Nicholson	...			do.
"	" England	...			do.
"	" Thomas	...			

No. 327/910 M Bombay Castle, 15 July 1927.

**From the Government of Bombay Marine Department
to Chamber.**

I am directed by the Governor in Council to reply to your letter no. G-797, dated the 20th April 1927, on the subject of the Indianisation of the higher grades of Port Trust services.

2. As your Chamber are aware, the sanction of Government is at present required only in the case of appointments to the limited number of posts specified in Section 24 of the Bombay Port Trust Act, 1879, and their sanction in such cases is accorded after a careful consideration of all circumstances, including the wishes of the Trustees themselves and the relative merits of the different candidates.

3. The power of appointment to all posts which are not covered by section 24 of the Act and these are considerable in number vests solely in the Board of Trustees of the Port of Bombay, and as the Act stands at present, Government have no control over such appointments.

4. The Indian Merchants' Chamber are now adequately represented on the Board, and if they feel that the process of Indianisation in the higher grades of Port Trust Services is slow, the proper course for them is to move the Board of Trustees in the matter through their representatives, especially as the power of filling up the majority of the higher grade appointments vests solely in the Board.

5. However, in view of the assurance given by the Trustees in the past in connection with a resolution on the subject moved in the Council of State by the Hon'ble Sir Phiroze Sethna that they are fully agreed on the principle that the number of Indians in the higher grades of the Port Trust Service should be increased as opportunities occur and that all new appointments should be thrown open to Indians, who should be given preference of selection as far as may be consistent with efficiency, your letter was forwarded to the Chairman, Bombay Port Trust, for his remarks.

6 I am in this connection to draw your attention to the fact that the policy of Indianisation is intended to be applied only to new appointments or vacancies which are filled by outside recruitment.

In the case of higher grade appointments which are filled principally by promotion of suitable men from the ranks of the Port Trust Service itself, it is only equitable that claims of seniority and efficiency should be taken into consideration, and that no differentiation should be made between Indian and European employees, who are already in the service of the Trust.

7. Government understands that out of the 38 posts filled by outside recruitment during the past six years 29 were technical appointments in the Chief Engineer's Department which required special technical qualifications and experience of a type which Indians do not possess at present, and 5 were pilots, who are required to hold certificates as Master Mariners. Of the remaining 4 posts three were filled by the appointment of suitable Indians and one by the appointment of a European.

8. The latest analysis of the Senior posts in the Trust carrying a maximum salary of Rs. 500/- per mensem and over is as follows :—

(a) Indians	...	...	...	...	...	...	28
(b) Anglo-Indians	...	...	...	...	...	...	40
(c) Total Statutory Indians	...	...	...	...	...	...	68
(d) Europeans Port Department	...	...	...	...	...	...	31*
(e) Europeans-Divers, Ship wrights etc.	...	...	...	...	...	...	14*
(f) Europeans-other Departments	...	...	...	...	...	...	36
(g) Total-Europeans	...	...	...	...	...	...	81

* Indians with required training and qualifications are not available for these posts.

Before the war in 1914 the number of Indian officers in posts corresponding to (a) was 10, though only 5 were in grades then actually carrying a maximum of Rs. 500 or over.

9. The advance in Indianisation would be more marked were it not for the fact that 4 Indian officers have left the service of the Trust owing to special circumstances, i. e.

2. Executive Engineers on Rs. 1,000 per mensem who retired after passing the age limit. The posts were abolished on completion of the special works for which they were created.
1. Assistant Railway Manager (pay Rs. 550-1200) who retired at his own request to practice law.
1. Railway Probationer (Rs. 600) whose post was retrenched on the expiry of his agreement.

In connection with the last mentioned appointment, Government understand that when the recommendation for retrenchment of the Indian Railway Probationer came before the Trustees, the Chairman suggested that in view of the policy of Indianisation accepted by them, the agreement of this probationer might be extended until such time as permanent employment could be found for him, but that the suggestion was not approved by the Indian Trustees themselves who were on the Committee.

10. It has been hitherto regarded as essential to have European Light keepers in charge of the Prongs and the Kennery Lights, which are the principal lights of the Port of Bombay. Government understand that the Trustees are endeavouring to Indianise the Light Keepers' service, and that when a vacancy occurred a few months ago, an Indian Light keeper was engaged experimentally. If this experiment proves satisfactory, it is understood that the Trustees propose to replace the remaining 3 European Light-keepers by Indians as soon as the present incumbents retire or vacate.

11. The Port Trust service is numerically small compared with the large Government services, Railway services, etc., and short of compulsory retirement of European officers in order to make room for Indians, the process of Indianisation must necessarily be slow.

12. Lastly, as regards the suggestion made by your Chamber that the Trustees should make a beginning towards training Indians for the Pilot service by sending them to England at Port Trust expense in order to enable them to obtain the requisite qualifications, I am to observe that this is also a question which could be brought up for consideration before the Trustees through the Chamber's representatives on the Board of the Port Trust.

No. G-2398 Dated 28th October 1927.

From Chamber to the Bombay Port Trust Bombay.

I am directed to acknowledge with thanks the statement sent by you to Mr. Laxmidas Rowjee Tairsee showing the length of service of each officer of the Port Trust drawing the salary of Rupees 500 per month and upwards as on 1st October 1927.

My Committee will be much obliged if you will kindly let them know the following particulars in this connection:-

- (a) the ages of the employees;
 - (b) how many of them are due for retirement in immediate future, say within six months and one year;
 - (c) chances of Indians, if any, succeeding to non-Indians in case of retirement of the latter.
-

Statement showing length of service of each Officer of the Bombay Port Trust drawing a salary of Rs, 500 and upwards per mensem as on 1st October 1927.

Designation.	Length of service.		Remarks.
	Years.	Months.	
Deputy Chairman ...	13	9	
<i>Secretary's Department.</i>			
Secretary ...	15	11	
Deputy Secretary ...	3	7	
<i>Chief Accountant's Department.</i>			
Chief Accountant ...	26	7	
Deputy Accountant ...	19	3	
Do, ...	6	8	
Asstt: Accountant (Revenue Audit)...	16	7	
Do. (General)...	12	5	
Do. (Loan)...	29	5	
<i>Chief Engineer's Department.</i>			
Chief Engineer ...	7	1	
Dy. Chief Engineer ...	1	7	
Executive Engineer (Dredging)	20	6	
Do. do. (Railway)	14	2	
Do. do. (Construction)	6	9	
Do. do. (Gen. Works)	7	11	

Designation.	Length of service.		Remarks.
	Years.	Months.	
Senior Asstt: Engineer ...	7	2	
Engineering Assistant ...	4	0	
Do, ...	4	6	
Quarry Superintendent ...	19	3	
Personal Asstt. to the Chief Engineer ...	12	4	
Junior Asstt. Engineer, Southern Division	13	11	
do. Northern Division,	17	5	
do. Construction,...	14	7	
Mechanical Supdt. ...	13	11	
Sr. Asstt: Mechl: Supdt. ...	6	5	
Asstt: Mechl: Supdt. ...	6	5	
Do. do. ...	4	8	
Do. do. ...	5	0	
Do. do. ...	2	7	
Chief Foreman ...	18	10	
Shipwright & Carpenter ...	1	9	
Foreman.			
Machinshop Foreman ...	6	5	
Boilermaker Foreman ...	0	4	
Electrical Foreman ...	3	8	
Do. do.	6	10	
Engineer, Hydraulic Es- tablishment, Prince's Deck. ...	13	4	

Designation.	Length of service.		Remarks.
	Years.	Months.	
Engineer, Hydraulic Est- ablishment, Victoria Dock.	3	4	
Do Alexandra Dock.	6	3	
Pumping Foreman, Hugh- es Dry Dock ...	13	6	
Sr. Shipwright Foreman ...	6	6	
Jr. Do. do. ...	4	10	
Master H. D. "Silurus" ...	12	2	
Chief Engineer & Reliev- ing Dredging Master, ...	4	4	
2nd Engineer ...	5	10	
Master L. D. "Barkus" ...	16	3	
Chief Engineer & Relieving Dredging Master. ...	22	6	
2nd Engineer. ...	6	6	
Master D. "Octopus" ...	16	11	
Engineer do ...	12	6	
Master D. D. "Walrus" ...	13	1	
Chief Engineer & Dredg- ing Master H. G. D. "Chelura" ...	4	6	
2nd Engineer & Relieving Dredging Master "Chelura" ...	5	11	
Engineer & Dredging Mast- er "Pholas" ...	7	9	
Engineer & Dredging Mas- ter "Stork". ...	17	10	

Designation.	Length of service.		Remarks.
	Years.	Months.	
Engineer & Dredging Master "Flamingo". ...	17	11	Railway transferred Officers. Length of service in the Port Trust is only shown.
Sr. Foreman Diver ...	6	0	
Jr. do. ...	4	10	
<i>Controller of Stores Department.</i>			
Controller of Stores ...	12	10	
1st Asstt; do ...	12	3	
<i>Land & Bunders Department</i>			
Land Manager ...	7	11	
Dy. do. ...	12	9	
Asstt. Manager 1st Grade	30	6	
<i>Railway Department.</i>			
Railway Manager ...	14	8	
Dy. " " ...	12	11	
" " " ...	12	2	
" " " ...	8	2	
Asstt. Railway Manager ...	8	4	
" " " ...	7	6	
Asstt. Traffic Supdt. ...	8	3	
<i>Docks Manager's Department.</i>			
Docks Manager ...	15	11	

Designation.	Length of service.		Remark.
	Years.	Months.	
Dy. Dock's Manager ...	13	6	
" " " ...	5	6	
" " " ...	13	6	
" " " ...	19	1	
1st Grade Asstt. Manager	29	1	
do. do. ...	20	9	
do. do. ...	24	6	
do. do. ...	24	6	
do. do. ...	18	7	
Port Department.			
Port Officer ...	1	9	
Asstt. Port Officer ...	0	5	
Harbour Master ...	26	3	
Master Pilot ...	21	2	
Do. ...	21	2	
Pilot, ...	21	0	
Do. ...	20	4	
Do. ...	19	3	
Do. ...	17	11	
Do. ...	16	11	
Do. ...	15	5	
Do. ...	9	9	
Do. ...	7	7	

Designation.		Length of service.		Remarks.
		Years.	Months.	
Pilot	...	7	4	
Do.	...	7	3	
Do.	...	4	9	
Do.	...	4	3	
Do.	...	3	8	
Do.	...	1	0	
Port Dept, Inspector	...	22	4	
Sr. Dock Master	...	26	5	
Dock Master	...	23	7	
Do.	...	23	9	
Do.	...	21	5	
Sr. Asstt, Dock Master	...	14	5	
Asstt, Dock Master	...	11	7	
Do.	...	13	10	
Do.	...	13	10	

Secretary,
Bombay Port Trust.

No. 4586, Bombay 7th November 1927.

From the Bombay Port Trust to Chamber.

With reference to your letter No. G. 2398 dated 28th October 1927 requesting certain further particulars regarding the more senior appointments in the Port Trust service, in connection with the statement recently forwarded to Mr. L. R. Tairsee, I am directed to reply seriatim as follows :—

- (a) This information is of a confidential nature;
- (b) Four;
- (c) The filling of vacancies in these posts rests with the Trustees, and there is no reason to believe that the policy laid down by the Board, and communicated to your Chamber by the Government of Bombay (vide Marine Department letter No. 327/910-M dated 15-7-1927), will be departed from.

No. 4455 Bombay, 28th October 1927.

From the Bombay Port Trust to L. R. Tairsee Esqr.

With reference to your letter of 13th September 1927, I am directed to reply to your queries as follows :—

1, As regards the process of Indianisation, the Trustees have decided as follows;—

While it is obvious that a large proportion of the higher graded posts in the Port Trust service require technical qualifications and special experience not at present possessed (except to a very limited extent) by Indian candidates, the Trustees are fully agreed on the principle that the number of Indians in the higher grades of the service should be increased as opportunities occur and that all new appointments should be thrown open to Indians who should be given preference of selection as far as may be consistent with efficiency.

As regards the pace of Indianisation, a statement is enclosed showing the position at present.

The latest analysis of the senior posts in the Trust carrying a maximum salary of Rs. 500/- per mensem and over is as follows.--

(a) Indians	...	...	...	...	...	28
(b) Anglo-Indians	...	...	...	...	...	38
(c) Total Statutory Indians	...	...	...	...	...	66
(d) Europeans - Port Department	...	...	...	...	...	31
(e) Europeans - Divers, Shipwrights etc.	...	...	...	...	...	14
(f) Europeans - Other Departments...	...	...	...	...	...	33
(g) Total Europeans	...	...	...	...	...	78

Indians with required training and qualifications are not available for these posts.

Before the war in 1914 the number of Indian officers in posts corresponding to (a) was 10, though only 5 were in grades then actually carrying a maximum of Rs. 500/- or over.

The advance in Indianisation would be more marked were it not for the fact that 4 Indian Officers have left the service of the Trust owing to special circumstances, i. e.

- 2 Executive Engineers on Rs. 1,000/- per mensem who retired after passing the age limit. The posts were abolished on completion of the special works for which they were created.
- 1 Assistant Railway Manager (pay Rs. 550-1200) who retired at his own request to practise law.
- 1 Railway Probationer (Rs. 600) whose post was retrenched on the expiry of his agreement.

II. With reference to the Indianisation of the Pilot Service, I am to say that a reply to a representation from the Indian Merchants' Chamber on this subject is under consideration and a copy will be sent you when issued.

Statement Showing the position as regards Indianization of each Department in the Bombay Port Trust,

Department.	Position regarding Indianization,
1. Secretary's Department.	The number of superior posts in this Department is only 2 and the Trustees have recently appointed an Indian as Deputy Secretary.
2. Accounts Department.	This Department is almost entirely indianized, as 5 out of the 6 superior posts are held by Statutory Indians.
3. Chief Engineer's Deptt.	Out of 54 superior appointments 17 are held by Statutory Indians and 32 by Europeans, 5 appointments being vacant. A large number of appointments in this Department require special technical qualifications and experience in dredging, marine works and plant etc., for which qualified Indians are not available at present. For recruitment outside the service when necessary, applications are invited in the Press and it is open to Indians to apply.
4. Stores Department ...	There are only 2 superior posts held by Europeans and when a vacancy arises, applications will probably be invited and Indians can apply.
5. Land & Bunders Deptt.	Of the 3 superior appointments, 2 are held by Statutory Indians.
6. Railway Department...	Of the 7 superior posts 2 are held by Statutory Indians. One Indian Assistant Manager recently left the Department to practise law and an Indian Probationer was retrenched in the retrenchment campaign.
7. Docks Department. ...	Of the 10 superior appointments, 7 are held by Statutory Indians.
8. Port & Pilotage Deptt...	All the superior appointments in these two Departments require marine experience and training and qualified Indians are not available at present. The Port Officer and Assistant Port Officer are Royal Indian Marine Officers appointed by Government.

No. G. 3008 dated 9th December 1927.

From Chamber to the Bombay Port Trust.

I am directed by my Committee to acknowledge receipt of your letter No. 4586 of the 7th November 1927 and also of your letter No. 4455 of the 28th October addressed to Mr. Lakhmidas Rowjee Tairsee. My Committee note from one of the statements enclosed in your letter to Mr. Tairsee dated the 22nd March that during the last six years out of the 38 new posts and vacancies carrying a minimum pay Rs. 500 and over filled by direct recruitment, only 3 were filled by Indians and 35 were filled by Europeans. They now observe from your letter to Mr. Tairsee dated the 28th October that Indians with technical qualifications and special experience are not available for the higher graded posts in the service of the Port Trust, especially in the Port Department and for the posts of Divers, Shipwrights, etc. In view of the policy of Indianising the higher services of the Port Trust in India accepted by the Government six years ago and in view of the recognition of that principle by your Trustees, my Committee will be obliged if you will be good enough to let them know the steps that the Board of Trustees have taken or propose to take for enabling Indians to obtain the technical qualifications and the necessary experience required for the higher posts in the services of the Port Trust. My Committee further venture to think that no special technical qualifications are required for such Departments, as for instance the Stores Department and the Traffic Department and they therefore trust that the pace of Indianisation in such Departments will be more marked in the near future than it has been in the past.

My Committee will be further obliged if you will supply them with a statement setting forth as fully as possible the nature of technical qualifications and special experience required by the Trustees for the posts in the higher services in different departments. My Committee venture to suggest that if the Board of Trustees were to prepare a statement of the qualifications and experience required for higher posts in the different services of the Port and issue to the Press and the educational institutions, it will be given much useful and valuable information to young men in determining their career in life.

APPENDIX 18.

INDIANISATION OF PILOT AND OTHER CONNECTED
SERVICES OF THE BOMBAY PORT TRUST.

No. G. 2056, dated 16th September 1927,

From Chamber to the Bombay Port Trust, Bombay.

My Committee had under their consideration the question of Indianising those services of the Bombay Port Trust and especially the Pilot Service, which are engaged in the Shifting, Berthing, Mooring, Docking, Undocking and Piloting of vessels that visit this Port and I am now directed by them to write to you in that connection as follows :--

My Committee understand that the number of Officers at present in the employ of the Bombay Port Trust constituting the services referred to in the above paragraph is 31. So far as their information goes, no efforts have been made upto now by the Port Trust for indianising these services. My Committee understand that Berthing Masters, Assistant Dock Masters and Senior Assistant Dock Masters are recruited from the ordinary seamen class and they do not know why not a single Indian has been appointed to that post upto now. My Committee do not think that Indian seamen will not give a satisfactory report of themselves, if proper opportunities have been given to them. Recently it came to their knowledge that Mr. Bhombal an ordinary lascar in the Royal Indian Marine rose to the rank of a Second Officer by finding employment on the Steamer of an Indian Company and even the Port Officer was impressed with his knowledge of Navigation. As regards the Pilot service, there was no machinery upto now in the country--thanks to the apathy of the Government to give them the preliminary training which they need. Now, however, that the Government are going to establish the Training Ship in Bombay, my Committee feel that the Bombay Port Trust would be able to accelerate the pace of Indianising an important branch of their services, such as the Pilot Service, if they were to adopt a

scheme somewhat on the following lines which my Committee believe would enable them in the long run to save about Rs. 75,000-per annum.

The scheme which my Committee have in mind is this. If the Bombay Port Trust were to select their own cadets for the proposed Training Ship and undertake to provide for them opportunities for serving as apprentices and as Junior Officers when they obtain their certificates of competency, very good material can be created from which the would-be Indian Pilots can be recruited. As far as my Committee have been informed at present, the cadet of the proposed Indian Training Ship will be required to undergo training for three years and will then have to work as an apprentice on a sea-going vessel for a further period of three years to enable him to sit for his examination for the certificate of competency as Second Mate. At least two more years' sea experience under certain conditions will be necessary to enable him to obtain a certificate of competency as Master of a foreign going vessel, the possession of which is the first condition of entry into the Bombay Pilot service. With a view to draw the young Indian lads of the right type to the sea career with the ultimate object of creating suitable material for recruiting Indian Pilots from them, my Committee think the Port Trust will be well advised if they were to select their own cadets in the first instance and pay their expenses during their period of training on the Training Ship and deposit on their behalf the usual sum with the Shipping Companies during their period of apprenticeship. If they were to begin with 12 cadets of their own at the start for this purpose, it will not cost them more than Rs. 5,000, a year during the period of training. As regards the deposit, the same will be received back by them in due course and the amount will bear interest. If a scheme somewhat on the above lines meets with the approval of the Trustees of the Port Trust, they can certainly bind their selected cadets whom they have provided with the above facilities to serve them as Pilots if found satisfactory and competent on their own scale of pay. This initiative and encouragement on the part of the Bombay Port Trust will surely induce other young Indian lads to

compete for their service in years to come so that enough material will be developed in future years from which the Bombay Port Trust can fully recruit the number of Officers they need. The scale of present pay and the scale that my Committee would suggest for the Indians whom the Bombay Port Trust may appoint in the manner suggested above are given below :—

No.	Designation.	Present scale.	Suggested scale for Indians.	Saving per month.
7	Berthing Masters.	350-25-450	250-25-350	700
3	Asst. Dock Masters.	500-25-550	357-25-425	375
1	Senior Asst. Dock Master.	600-25-700	450-25-500	150
16	Pilots.	750-30-1230	525-25-950	4000
3	Dock Masters,	1250-50-1350	1000-50-1100	750
1	Senior Dock Master.	1400-50-1500	1150-50-1250	250

6,225

Therefore, per year ... Rs. 74,700

It will be observed that when the whole service is Indianised in course of time, there would be a saving of Rs. 75,000, per year on this head of expenditure. Apart from meeting the emphatic and the right demand in the country for Indianising these services, such a large saving is bound to help in its own way the Bombay Port Trust to undo the evil effects of the growing impression that Bombay is unnecessarily a costly port.

The Government of India have accepted the principle of Indianising the higher grades of services in all the Port Trusts in India and we understand that the Trustees of the Bombay Port are also in sympathy with that policy. As a practical expression of their sympathy with that policy, my Committee have observed with pleasure the endeavours of the Bombay Port Trust to Indianise their Light-keepers' service. My Committee have no doubt that now the Government of India have established a Training Ship in Indian waters, the Trustees for the Port of Bombay will give their best and

earnest consideration, at an early date, to the scheme outlined in this communication and thus give a practical proof of their active sympathy with the recognised policy of Indianising the higher grades of services in the Port Trusts in India.

No. 4826 Dated Bombay 23rd November 1927.

From the Bombay Port Trust to Chamber.

With reference to your letter No. G/2056 dated 16th September 1927 on the subject of Indianizing those services of the Bombay Port Trust that are engaged in piloting, berthing, docking etc: vessels visiting the Port, and submitting for consideration a scheme to bring this about, I am directed to say that the matter has been given the Trustees' very careful consideration and I am to reply as follows.

2. In the first place I am to point out that Indians are not, and have never been, debarred from entering these services. The only reason why Indians have not been engaged is because none of those who have applied for the vacant posts have had the necessary qualifications. The work of the Berthing Masters as well as that of the superior posts entails considerable responsibility in dealing with valuable property and the Port Trust would not be justified in employing any men unless they have the necessary qualifications and experience.

3. As regards any views that may be held that the Port Trust might have undertaken the training of candidates for these posts, I am to explain in order to remove possible misapprehension on this point that the purposes to which the moneys of the Trust may be applied are strictly circumscribed by the provisions of the Bombay Port Trust Act 1879 and the Indian Ports Act 1908, and under these enactments it would have been impossible in the past to have incurred expenditure on the training of candidates. Moreover, such men require sea-going experience which the Port Trust is not in a position to provide. This point has been further elucidated in paragraph 7 below.

4. The remark made in your letter that Berthing Masters, Assistant Dock Masters and Senior Assistant Dock Masters are recruited from the ordinary seaman class is not quite accurate,

These men are specially selected from seamen who, though not necessarily qualified officers, have had experience of responsibility. It has been found that the number of applicants for the posts of Berthing Masters is small and in a recent case only four Indians applied, none of whom had been to sea.

5. Your scheme for Indianizing the pilot and connected services, as outlined in your letter under reply, is briefly as follows:—

The Port Trust select their own candidates (say 12 in the first instance) for the Training Ship established by the Government of India and pay their expenses during the 3 years, period of training on the ships. The Trust also to deposit on their behalf the usual sum with the Shipping Companies during their period of apprenticeship and undertake to provide for them opportunities for serving as apprentices and Junior Officers. The selected candidates may be bound, in return for the provision of the above facilities by the Port Trust, to serve the Trust as pilots, if found satisfactory, on the Port Trust scale of pay.

6. I am to say that the Trustees express themselves strongly in favour of the Port Trust rendering full support to any practical scheme for increasing the facilities and opportunities for Indians to acquire sea-faring training, and hence the qualifications required of a Pilot and other similar posts in the service of the Trust. They find however after careful consideration that the above scheme would not be feasible in practice for the following reasons.

7. As stated in your letter, the possession of a Master's Certificate is an indispensable qualification of entry into the Port Trust Pilot Service. This is an essential condition, as the holding of such a certificate is the only guarantee that the applicant has had the necessary professional education and experience to enable him to commence his pilot's training prior to passing the special Pilot's departmental examination. Before the cadet on the new Indian Mercantile Marine Training Ship can become eligible, to sit for examination for Master's Certificate, he will have to serve altogether a period of some ten years. The Trustees have no suitable vessels in which such cadets can obtain their experience on conclusion of

their service on the Training Ship: and they will, therefore, have to look to Shipping Companies, a number of whom have agreed to take apprentices, to gain the requisite experience and employment. The latter will thus be in the free employment of a private Company during their six or more years of sea service, and it would not be practicable to have any kind of agreement between the cadets and the Port Trust during this long period. It would neither be equitable to bind a man to serve the Port Trust as he might not care for the service or else might be offered better prospects elsewhere, nor would it be possible for the Port Trust to guarantee employment as this would depend on vacancies. The number of vacancies in the service during the last 10 years has been as follows;—

Pilots	...	...	...	11	Average per year	1.1
Berthing Masters			...	21	"	" " 2.1

and during the last 6 years.—

Pilots	...	...	...	4
Berthing Masters	...	...	...	6

There would, therefore, in all probability not be vacancies in the service for the 12 men when they are qualified.

8. As regards your Committee's estimate of the saving that will be effected when the whole pilot, Berthing and Docks masters services have been entirely Indianized, I am to point out that any such estimate must necessarily be hypothetical as it would be difficult to foresee what the scale of pay will be 10 to 25 years hence, and the process of Indianization, depending, as it would, on the number of vacancies, must necessarily be gradual. In this connection I am to observe that the actual retrenchments already effected by the Trustees in the last three years should go very much further to "undo the evil effects of the growing impression that Bombay is unnecessarily a costly port" than the estimated saving, consequent on the Indianization of this branch of the service, which must take many years to have effect.

9. In conclusion I am to say that the Trustees are in entire sympathy with the object your Chamber has in view, and now that

the training of Indians as officers for the Mercantile Marine Service has been started by the Government of India, it should be possible in the course of years to procure fully trained Indians for the posts of Berthing Masters and Pilots. As pointed out however, cadets after passing out from the Training Ship will be required to undergo a long practical training on ships of private Companies, and therefore the scheme put forward by your Chamber, whereby the Port Trust would be interested in particular cadets, is not feasible. At the same time, if the Chamber are able to suggest any practical means whereby the Port Trust could assist in furthering the scheme for encouraging and helping Indians to qualify for service in the Port Department, I am to say the Trustees will gladly give the matter their favourable consideration,

No. 221 dated 26th January, 1928.

From Chamber to the Bombay Port Trust, Bombay.

I am directed by my Committee to acknowledge the receipt of your letter No. 4826 dated the 23rd November 1927 and have to observe that my Committee note with pleasure the determination of the Trustees to give their full support to any practical scheme for increasing the facilities and opportunities for Indians to acquire sea faring training.

With reference to your remark that the purposes to which the moneys of the Trust may be applied are strictly circumscribed by the provisions of the Bombay Port Trust Act, 1897, and the Indian Ports Act, 1908, my Committee beg to point out to you that in view of the recognition by the Government of India of the necessity of Indianising the higher grades of technical and non-technical services of the Port Trusts in India, your Trustees will not find any difficulty in getting the Acts suitably amended where necessary to give practical effect to their determination of indianising their higher services. My Committee would like to invite your attention in this connection to the recent remarks of the Governor of Bengal in reply to an address presented to him by the Indian Chamber of Commerce, Calcutta, that the Calcutta Port Trust had "started a policy of training Indians

for their technical services ". My Committee feel sure that you would not allow Calcutta to steal a march over you in this connection and that the Trustees would do all they can to maintain the reputation of this City as *urbs prima indis*

As regards the scheme submitted by my Committee in their letter dated the 16th September, 1927, my Committee observe that the Trustees anticipate certain difficulties in carrying it out in practice. First of all they remark that it will be 10 years from the time a cadet joins the Training Ship before he obtains the Master's certificate necessary for entering the Pilot Service, and as there will be only one vacancy on an average every year in that service, it will not be possible for them to take all the cadets into their service after they have been duly qualified. Their main objection, however, seems to be that as the Trustees have no suitable vessels in which cadets can obtain their experience on conclusion of their service on the Training Ship, they shall have to remain in the free employment of a Private Company during their six or more years of sea service after they leave their Training Ship. The Trustees, therefore, feel that it would not be practicable to have any kind of agreement between the cadets and the Port Trust during this long period. My Committee do not feel that these are such difficulties as cannot be overcome once the Trustees make serious attempts to carry out their desire of indianising the higher grades of services. They may select one or two cadets every year out of those who successfully pass out of the Training Ship on such conditions as to their further training and future employment as may be deemed necessary by them. This will reduce the period of agreement from 10 to 6 or 7 years. My Committee are of the opinion that with the influence which the Port Trust wield, it would not be difficult for them to make arrangement either with the Royal Indian Marine or with some of the leading Private Shipping Companies to enable the selected cadets to put in the necessary sea service for the purpose of making them eligible to sit for the examination for the Master's certificate. In view of the peculiar difficulties which the Indian cadets will find in obtaining employment for sea career, my Committee feel certain that the selected cadets will feel grateful to the Trustees if they were to take any practical steps in helping them in this direction and such selected cadets, my Committee feel sure, would be quite willing to enter into a

reasonable agreement with the Port Trust for future employment as Pilots in their service on such terms and conditions as may be fixed at present. My Committee have, therefore, to request the Trustees, to reconsider the question in the light of the above observations. The cadet will have only to be under agreement for a period of six years or so after he leaves the Training Ship and my Committee venture to suggest that if the Trustees were to evolve any practical scheme for enabling the cadets to put in the sea service for six years or so, my Committee are prepared to co-operate with them in inducing the Indian Shipping Companies to help them in this connection. As only one or two cadets are to be selected year after year, the question of unemployment referred to in para 7 of your letter will not arise.

As regards Berthing Master, &c., while my Committee fully realise that the Port Trust would not be justified in employing any men unless they have the necessary experience and qualifications, they would be glad to receive the constructive suggestions of the Trustees as to how they propose to proceed in Indianising this branch of their services.

With reference to the remarks in para 8 of your letter my Committee do not think there could be any serious difficulties in laying down the scale of pay that may come into force 6 or 7 years hence. My Committee are not aware of any serious fluctuations in the scale of pay of the Pilots and Dock Masters that the Trustees have been paying during the course of the last 10 years. If there have been any such fluctuations my Committee would be glad to receive the necessary information on the subject. My Committee, however, cannot help thinking that it is not impossible to so draft the agreement that the Trustees may make with the selected cadets as would provide for any difference in the standard of wages paid to the Pilots &c. that may arise in the future. While my Committee are glad to note that actual retrenchments have been affected by the Trustees in their expenditure during the course of the last three years they feel that the Trustees would agree with them that any further retrenchment that may be made hereafter by indianising their higher services in due course will certainly tend

to further remove the growing impression that Bombay is unnecessarily a costly Port.

My Committee hope the Trustees will be pleased to take up seriously the whole question of indianising the higher grades of their services and my Committee shall feel obliged if they would be good enough to inform them of the actual practical steps that they propose to take in this direction in the near future.

APPENDIX 19.

REVISED RULES REGARDING THE APPOINTMENT OF CANDIDATES TO THE BENGAL PILOT SERVICE

Ne- G.2990 dated 7th December 1927

From Chamber to the Government of India Department of Commerce.

I am directed by my Committee to invite a reference to the Rules for the appointment of candidates to the Bengal Pilot Service published under Notification No. 8-T, dated the 9th May 1927, Marine Department, Government of Bengal, and to observe that among other qualifications the different conditions as regards the period and nature of sea-experience required from the candidates recruited in India and those recruited in England have practically resulted in the exclusion of Indians from that important service. My Committee find from the information placed before them that not a single Indian has been taken into that service during the last 30 years and that out of the 35 Officers recruited for that service from 1910, only 4 were recruited in this country and 31 were recruited in England. Even the 4 candidates recruited in India were of European extraction. The present Bengal Pilot Service consists of 49 Pilots, 36 of whom have been recruited in England and 10 have been recruited in India. It may be further added that these 10 pilots recruited in India are all Europeans. The above figures speak

for themselves, and establish the conclusion that Indians are practically excluded from this great service.

My committee consider it unfair that while previous sea experience "as a seaman or apprentice for 4 years in a merchant vessel employed in foreign trade" has been considered absolutely obligatory on candidates recruited in India, no definite previous sea experience has been considered necessary in the case of candidates recruited in England. They find from available information that not only have the cadets from the Training Ship "Conway" and Worcester" been taken into the Bengal Pilot Service with 4 to 5 months' sea experience only, but they have also found their way into that service direct from the Training Ship's line, without any sea experience whatsoever. Further while the sea experience "in a Merchant vessel employed in foreign trade" has been incumbent on candidates recruited in India, such sea experience in foreign trade is not demanded from the candidates recruited in England. My Committee, therefore, cannot understand the reasons underlying the policy of the Government which demand much stiffer conditions of sea experience from candidates recruited in this country than those which are laid down for candidates recruited in England. My Committee feel that this unfair and unequal treatment meted out to Indian candidates in this country, as contrasted with candidates selected in England has practically debarred the sons of the soil from entering this service.

They further wish to point out to you that it is impossible for Indians to obtain experience as a Seaman or an apprentice in a Merchant vessel employed in a foreign trade because non-Indian shipping companies engaged in that trade will not give them an opportunity to obtain such experience as no Indian shipping companies at present exist in that trade. They consider that sea experience in a foreign going vessel employed in the coasting trade should serve the purpose. My Committee need not emphasise the fact that in view of the declared policy of the Government to Indianise the higher services in the country, they should provide for Indians equal opportunity and facilities for entering these services and have therefore to request you to make such alterations in the rules for the entry

of candidates into the Bengal Pilot Service as will remove the present unfair conditions required from candidates recruited in this country and will put the candidates recruited in India and those recruited in England on the same footing of equality.

My Committee hope this letter will receive the careful consideration of the Government at an early date.

APPENDIX 20.

ESTABLISHMENT OF AN INDIAN SAILORS' HOME IN BOMBAY.

No. 33/630 M, Bombay, Castle, 14th July 1927.

**From Government of Bombay Marine Department
to Chamber.**

As you are aware, Government have for some time had under their consideration the question of establishing an Indian Sailors' Home in Bombay as a memorial to the Indian seamen who lost their lives owing to enemy action during the Great War. A Committee consisting among others of a representative of your Chamber was appointed in 1923 to draw up a scheme with rough plans and estimate for the proposed home. The necessary plans and estimate were prepared by the Public Work Department at the request of the Committee, but no further action was taken in the matter as Government were advised that in the then financial position in Bombay it was hopeless to try to raise funds for a Lascars' Home; and it was therefore decided to hold the scheme in abeyance until the financial situation showed material improvement.

2. Government now hope to be able to raise sufficient funds for the project and have therefore decided to reconstitute a Committee to draw up a scheme. I am to request that you will be so good as to intimate to Government name of your representative on the proposed Committee.

Dated 27th July 1927.

**From Chamber to the Government of Bombay
Marine Department.**

With reference to your letter No. 33/630-M, dated the 14th July 1927, I am directed by my Committee to inform you that Mr. M. A. Master, General Manager of the Scindia Steam Navigation Co., Ltd., Sumdama House, Ballard Estate, Bombay, will represent this Chamber on the proposed Committee re: the establishment of an Indian Sailors' Home in Bombay.

APPENDIX 21.

**CHAMBER'S REPRESENTATIVE ON THE GOVERNING
BODY OF THE INDIAN MERCANTILE MARINE
TRAINING SHIP.**

No. 238 (35-C)—S. Simla. The 5th July, 1927.

**From Government of India Department of Commerce
to Chamber.**

I am directed to say that the Government of India have under consideration the question of the management of the training ship which is now being fitted out for training of Indians for the mercantile marine. The Government of India are of opinion that it will add both to the efficiency of management and to the status of the training ship if its administration is supervised by an influential Governing Body. I am accordingly to ask the Indian Merchants' Chamber to nominate a representative to serve on the Governing Body.

2. I am to add that it has now been decided that the training ship will be located in Bombay instead of at Karachi, which was recommended by Captain Sayer. The absence of facilities for dry-docking at the latter port would necessitate the training ship being towed to Bombay for periodical overhaul and would add considerably to the expense, and at the same time there would be appreciable danger to the vessel herself.

3. I am to request that the decision of the Indian Merchants Chamber be communicated to the Government of India as soon as possible.

No. G. 1427 dated 14th July, 1927.

From Chamber to the Government of India Department of Commerce. Simla.

With reference to your letter No. 238 (35-C)-S dated 5th July, 1927 addressed to the President of this Chamber, I am directed by my Committee to inform you that Mr. M. A. Master, General-Manager, of the Scindia Steam Navigation Company Limited, Sadama House, Ballard Estate, Bombay, will represent this Chamber on the proposed Governing Body of the 'training ship' to be located in Bombay. I am directed to request you to be pleased to send the terms of reference of this Governing Body and their powers etc.

APPENDIX 22.

LANDING CHARGES OF BOMBAY CUSTOMS HOUSE. ALTERATION OF

R S R No. 1242 of 1926 29th March 1927.

From Collector of Customs to Chamber.

Subject—Port Trust landing charges—Percentage of addition to value of goods for purposes of assessment under Section 30 (b), Sea Customs Act.—Alteration of.

I have the honour to state that the Central Board of Revenue has approved my proposal to calculate landing charges at $\frac{3}{4}\%$ instead of $1\frac{1}{4}\%$ for purposes of assessment of real value of imported goods under Section 30 (b) of the Sea Customs Act. This will take effect from 1st April 1927.

I enclose a copy of a notice dated 29th March 1927 issued on this subject.

NOTICE.

Subject:—Port Trust Landing Charges percentage addition to value of assessment under Section 30, (b) Sea Customs Act—alteration of.

It is hereby notified that with effect from 1st April 1927 the rate of landing charges will be calculated at $\frac{3}{4}\%$ instead of at $1\frac{1}{4}\%$ for purposes of assessment of real value of imported goods under Section 30 (b) of the Sea Customs Act.

2. The notice dated 23rd January 1922 is hereby recalled.

(Sd.) A. M. Green.

Collector of Customs.

29-3-27.

No. G. 538 dated 30th March 1927

From Chamber to the Collector of Customs, Bombay.

I am directed to acknowledge with thanks the receipt of your notice on the above subject sent with your letter No. 1242 of 1926 dated 29th March 1927.

APPENDIX 23.

PORT TRUST WHARFAGE RATES FOR LUBRICATING AND VEGETABLE OILS.

From Bombay Port Trust to Chamber.

No. 1460, Bombay 5th April, 1927.

With reference to your enquiry of Mr. Lakhmidas Rowjee Tairase regarding the revised rates of wharfage for Lubricating and Vegetable Oils imported or exported at the Docks and Bunder, I am directed to inform you that the Trustees have recently approved, subject to the sanction of Government, the undernoted amendments of the Docks and Bunder Scales of Rates. The effect of the revised

sions *including surtax*, will be to reduce the existing Dook rate to an all round rate of 5.25 pies per gallon and the Bunder rate to 2.25 pies per gallon and thus remove the disparity in the wharfage rates for small units as compared with the ton rate :—

Dooks Scale of Rates.

Cancel Items 49 C and 49 D and *substitute* the following :—

<i>Item 49 C</i> —Oils, vegetable mineral	Per Impe-	
and animal in tins, drums	rial	3½ pies
or cases under 3 cwt.	gallon.	

Bunders Scale of Rates.

Cancel Items 49 B and 49 C and *substitute* the following :—

<i>Item 49 B</i> —Oils, vegetable, mineral	Per Impe-	1½ pies
and animal in tins, drums	rial	(subject
or cases under 3 cwt.	gallon	to a
		minimum
		charge of
		one anna)

<i>Item 49 D</i> —Oils, vegetable, mineral	
and animal in casks or	Per ton 15 annas.
drums of 3 cwt., or over.	

APPENDIX 24.

RECOMMENDATIONS OF THE INDIAN MERCANTILE
MARINE COMMITTEE RE : RESERVATION OF
COASTAL TRADE OF INDIA ETC.

No. G. 312 dated 22nd February, 1927.

From Chamber to the Government of India Department
of Commerce, Delhi.

I am directed by my Committee to convey their feeling of painful surprise and deep disappointment at the attitude of the Government

of India in not taking any action up to now to carry out the main recommendation of the Indian Mercantile Marine Committee, namely, the Reservation of the Coasting Trade of India to Indian Shipping for which there has been an universal national demand in this country. This feeling of disappointment has been further deepened by the reply which Earl Winterton gave in the House of Commons stating that the Government of India were opposed to the recommendations of the Mercantile Marine Committee regarding the Reservation of the Indian Coasting Trade to Indian Shipping. My Committee, therefore, beg to request you to be pleased to let them know whether the Government of India propose to take any steps to carry out this main recommendation of Indian Mercantile Marine Committee.

Although the country has been disappointed with the attitude of the Government of India in regard to the national demand for an Indian mercantile marine, my Committee welcome the announcement that the Government of Indian have decided to establish a Training ship at Karachi for training deck Officers and that the ship will be in a position to take in cadets some time this year. My Committee, however, have to request you to let them know the age at which cadets will be admitted to the proposed Training Ship, the period for which they will have to undergo training on that ship and the fees which the Government propose to levy for the training of cadets on that ship.

There is one important point to which my Committee beg to invite your very careful attention. They are of opinion that if the scheme for providing Indian Deck officers for Indian Shipping is to become really successful, it is imperative that the Government of India should give legislative effect to the recommendations of the Mercantile Marine Committee making it obligatory on the ships plying on the Coast not only to accept for training Indians apprentices from the Training ship but to employ those cadets who pass out of the Training ship and obtain the necessary certificate of competency as officers to the extent of at least 50 per cent of the total number of officers employed by those ships. The Mercantile Marine Committee laid special emphasis on the necessity of providing avenues of employment for the cadets of the Training ship obtaining the

necessary certificate of competency. The recommendations in this connection were made by them after very careful consideration. Although the Shipping Companies plying on the Coast to whom the Committee had addressed a circular letter, expressed their willingness to take Indians as apprentices and to employ them as Officers when they successfully passed their Board of Trade examinations, the Committee deliberately came to the conclusions in the light of evidence placed before them and in view of the attitude of the British Shipping Companies plying on the Coast in the past that the accepting of Indians as apprentices and their employment as Officers by the Shipping Companies plying on the Coast should be made obligatory and be provided for by the law of the land. As stated above, my Committee strongly hold that unless these recommendations are therefore embodied in the Statute, they have grave apprehensions as to whether the object for which the Training Ship is to be established will ever be achieved. My Committee will, therefore, feel obliged if you will kindly let them know the steps, if any, that the Government of India have taken or propose to take to carry out the recommendations of the Indian Mercantile Marine Committee referred to above in connection with this question.

My Committee have further to invite your attention to the recommendations made by the Indian Mercantile Marine Committee for the training of Indians as Marine Engineers and have to request you to let them know whether the Government of India have taken any action or propose to take any action in carrying out their recommendations for the purpose of providing facilities for the training of Indians as Marine Engineers.

No. 238-5 (53)-New Delhi, the 2nd March 1927.

From Government of India Department Commerce to Chamber.

I am directed to acknowledge the receipt of your letter No. G. 312, Dated the 22nd February 1927.

No. G. 2428 Dated 29th October 1927.

**From Chamber to the Government of India Department of
Commerce, DELHI.**

I am directed by my Committee to invite a reference to their letter of the 11th December 1924 and to observe that they fully share the keen disappointment of the people of this country at the manner in which the Government of India have up to now ignored to take any action on the recommendations of the Indian Mercantile Marine Committee except in the matter of the establishment of a Training Ship to which reference will be made later. The Earl Winterton, at the beginning of this year, stated in the House of Commons that the Government of India were opposed to the main recommendation of that Committee viz : the reservation of the coasting trade of India to Indian Shipping, my Committee addressed another letter to you on the 22nd February last, to which no reply has been received up to now except a mere formal acknowledgment. Recently in reply to a question in the Legislative Assembly requesting the Government to state the steps they proposed to take to give legislative effect to the main recommendation of reserving the coasting trade of India, Sir George Rainy referred the House merely to the debate that took place in the Assembly in March 1926 on the resolution of nautical training etc., brought forward by Sir Sivaswamy Iyer. This reply has only deepened the feeling of disappointment in the country since it throws no fresh light in regard to the policy which the Government propose finally to adopt in connection with this great national industry. My Committee think it is not necessary for them to point out to you that the Government made it clear during that debate that the House was to express their opinion only on the question of the establishment of a Training Ship. Debate on all important controversial questions was, by common consent, adjourned to a further occasion when they would have a fuller House. My Committee, therefore, feel constrained to remark that Sir Charles Innes ought not to have used that occasion specially in the absence of a very large number of elected members for making on behalf of the Government an unconvincing and misleading speech on important controversial

questions when he knew that the representatives of the people had agreed not to refer to them and were therefore not in a position to reply to his criticisms and place before the House the views universally held in the country in regard to the question of the development of this great industry. Now, however, as Sir George Rainy has once again referred to the debate of March 1926, as indicating the considered policy of the Government in connection with the question of reserving the coasting trade of India to its own nationals, and in view of the efforts which the foreign vested interests have decided to put forth for the purpose of thwarting the national aspirations for the development of an Indian Merchant Marine as evidenced by the reported proceedings of the meeting of the East India Section of the London Chamber of Commerce, my Committee consider it their duty to request the Government once again to give their earnest consideration to the following remarks,

My Committee beg to invite your attention to the specific reference made by them in their communication of the 11th December 1924 to the glaring omission in the Report of the Mercantile Marine Committee about India's position in the international or foreign ocean-going trade. The Merchant Marine of a country will hardly deserve that name unless it attains to a position of importance in the International trade of its own country. It is remarkable that the policy of economic protection for the development of a national Merchant Marine has been recognised and systematically encouraged by almost all important maritime countries of the world. This is the lesson which the last great war has taught to all national Governments. The fact, however, that nothing is done in this country even after the war to develop a Merchant Marine makes my Committee painfully conscious of the non-national character of the present Government of India who are even prepared to sacrifice the general interests of Empire to the vested interests of a section of English Shipping industry in spite of the abundant proof provided by the war of the urgent necessity of the development of separate mercantile marines in the various parts of the Empire not only for the safety and the interests of the Empire as a whole but also for the well-being of different countries of the

Empire. Leaving aside, however, for a moment this most important aspect of the position of national shipping in the international trade, my Committee feel grieved to note that the Government have done nothing up to now even to develop its position in the coasting trade of the country. The reservation of the coasting trade of country has always been considered as a very powerful factor in the development of national shipping. It was so recognised by the United States, Russia, Austria, Belgium, France, Spain, Portugal, Italy and Japan before the war and has been introduced by Austria, Greece, Chille and Turkey after the war. Even Great Britain where a section of the shipowners are not averse even now to the principle of reservation when it suits them and when more than 95 percent of its coasting trade is in the hands of national shipping, had the benefit and protection of Navigation Laws for more than two centuries. Attempts have often been made to belittle the effect of these Navigation Laws on the growth of British Shipping. My Committee, would, however, invite your attention in this connection to the considered views Mr. Fayle who in his book "The War and the Shipping Industry" an authoritative publication under the auspices of the Carnegie Endowment for International Peace, states ;--

"Those Acts (Navigation Acts), as has been explained, were based on the preservation for British Shipping of a monopoly of the Colonial and the Coasting Trade and on the prohibition of imports from Europe in non-British ships, other than ships, belonging to the country whence the goods were derived. Their object was two-fold : to foster British Shipping by the creation of a lucrative monopoly and to inflict the utmost possible damage on the Dutch, who were at that date supreme in the general carrying trade. It should be added that the desire to foster British Shipping was actuated not merely by economic motives, but also, and chiefly, by the importance of the Mercantile Marine as a nursery of seamen for a Royal Navy, and a second line of Naval defence,"

Whatever some interested parties in Great Britain may say, now that more than 95 per cent of its coasting trade is in her own hands, it is clear that the object of Navigation Laws was to develop British Shipping and they did develop the same when Holland was competing with them for the supremacy of the sea. It is remarkable that British Shipowners who are now advising us against the adoption of the policy of reservation wanted only a few years ago to reserve for themselves only the coasting trade of a country. The point, which my Committee, however, wish to emphasise, is that the reservation of the coasting trade of a country has been universally recognised as a matter of domestic concern and this trade can be closed to foreign and non-national flag without any breach of international comity. As these recognised facts have been ignored by the Government in this country, my Committee would, therefore, examine very briefly some of the main arguments advanced against the policy of reservation by Sir Charles Innes on behalf of the Government during the debate in the Assembly in March 1926.

The chief arguments advanced by Sir Charles Innes during that debate were that the country was not brought into contact with the facts of the subject and that the policy of reservation while introducing the principles of flag discrimination and expropriation would involve the country into economic loss and lead to inefficient service and rise in the rates of freight.

Before examining these arguments, my Committee would point out to you that although Sir Charles Innes recognised that

“it is perfectly legitimate, perfectly natural, that the people of India should desire to have a Mercantile Marine of their own”

and admitted that

“Indian Companies, as things are at present, have difficulties in forcing their way into the coasting trade”

he had not even one constructive suggestion to offer as to how the Indian Mercantile Marine should be built up. The commercial bodies as well as the Press have been discussing the question of the

Reservation of the Coasting Trade of India for several years now and particular attention was paid to the different aspects of this subject, while the Indian Mercantile Marine Committee was touring in the country. Almost all the Indian witnesses, about 40 in number, orally examined by the Mercantile Marine Committee expressed themselves wholly in favour of the policy of reserving the coastal trade and 15 of them spoke on behalf of the Indian Commercial Associations representing the.....interests of shippers, Industrialists and commercial men. It was, therefore, futile for Sir Charles Innes to remark that the country did not know what it wanted,

We have already pointed out in paragraph 2 how the policy of reserving the coasting trade has been recognised and adopted from time to time by almost all the important maritime countries of the world including Great Britain for the development of national shipping. The reservation of the coasting trade of a country which has universally been recognised as its domestic preserve is therefore, not an act of flag discrimination. The considered opinion of the International Shipping Conference the most authoritative exponent, of the views of the Shipowners of the world is against the argument advanced by Sir Charles Innes that the reservation of the Coasting Trade constitutes an act of flag discrimination. Mr. Runciman, Ex-President of the Chamber of Shipping, London, who presided at the 3rd International Shipping Conference made it clear that the principle of flag discrimination referred to the International Commerce or the Commerce conducted between nations and did not apply to the internal commerce or the coasting trade of a country. Moreover, the recent recognition by Great Britain of the right of Greece to reserve its coasting trade to its own nationals and the consequent relaxation of some of the terms of the treaty existing between them further establishes the fact that the policy of reservation does not infringe the International Law or amount to an act of flag discrimination. My Committee are, therefore, of the opinion that the contention of Sir Charles Innes that the reservation of the Coasting Trade introduces the principle of flag discrimination has neither the support of past history nor modern practice.

As regards the objection of Sir Charles Innes that the policy of

reservation would introduce the principle of expropriation, my Committee would like to observe that Sir Charles himself is conscious of the weakness of his contention, when he readily confesses that

“ other nations have reserved their coasting trade and have thereby admitted the principle of expropriation ”,
and adds :

“ that it is because they thought that in the long run it would pay them to take that course in the interests of their own safety ”.

When India asks for Self-Government, she always receives the retort :

‘ first learn to defend your country and then ask for Self-Government ’.

There is, therefore, nothing to prevent India from adopting the course of reserving its coasting trade in the interests of her own safety, as has been done by the other countries and the contention of Sir Charles Innes that

“ overmastering necessity (of defending one's own country) is not present in India ”

will not deceive any one at a time when the question of the establishment of the Royal Indian Navy is no longer a matter of theory but of actual practice. My Committee however, are of opinion that no foreign or non-national interests have got any sacred, inviolable and eternal right to continue to run on the Coast even against the economic and national need of India. Apart from this, the manner in which the Marine Committee has suggested the carrying out of the policy of reservation cannot give rise to the question of expropriation and this view of my Committee receive unmistakable support from the admission of Sir Charles Innes himself that the principle of expropriation

“ could not be worked out in as more considerate manner than that suggested by the Committee (Indian Mercantile Marine).”

My Committee would now very briefly answer the argument of Sir Charles Innes about the economic loss, inefficient service and rise in the rates of freight. The contention that the policy of reser-

vation must always involve the country into economic loss is belied by the history of the reservation of the coasting trade in Germany, America and Japan. Moreover, the retention of the wealth in the country which would be otherwise drained away by foreign interests and the opening up of a new career to the sons of the soil would certainly enrich the economic life of the nation. With reference to the argument of inefficient service and the consequent rise in the rates of freight if the coasting trade is reserved, my Committee, without admitting the contention of Sir Charles Innes, would emphasise the fact that the coasting trade of India is at present practically the monopoly of two English Companies on whose behalf this contention seems to have been put up to which an Indian Company was admitted only after it had lost lacs of rupees. The reservation, therefore, of the coasting trade would on the other hand break this monopoly and would promote healthy competition in the coasting trade of the country by inducing fresh Indian capital into the business which in itself would be a guarantee for efficient service and reasonable rates of freight. Sir Charles Innes, my Committee regret to observe, has ignored to consider the manner in which the foreign vested interests who have been practically enjoying the monopoly of the coasting trade of India for years past have failed to develop small ports and give comparatively a more direct service by entering into a family arrangement for carrying the ocean trade with their brothers across the seas. Under the circumstances, the adoption of the policy of the reservation of the coasting trade, my Committee have no hesitation in remarking, would be not a hindrance but a help to the growth of the economic life of the country and the development of its trade and industries.

Amongst the other hindrances to the development of a national mercantile marine for India that are prominent to-day, my Committee would draw attention to the system of Deferred Rebates and would be glad to know the steps that the Government propose to take to remove it, in view of the relative suggestions of the Indian Fiscal Commission and the Indian Mercantile, Marine Committee in that connection. My Committee consider that even the reservation of

coasting trade would fail by itself to induce fresh Indian capital into the Shipping Trade unless the Deferred Rebates system is done away with. It was this baneful system that was responsible for the loss of lacs of rupees to the only Indian Company before it was able to establish a footing in the trade by sheer force of its strong economic position. This system not only discourages the introduction of fresh capital in the shipping trade, but is really responsible for all the evils of inefficient service and rise in the rates of freight groundlessly apprehended as the probable effects of the reservation of the coasting trade by Sir Charles Innes, inasmuch as it can eliminate all healthy competition and fresh enterprise. In this connection, my Committee would invite the attention of the Government to a recent Reuter's message from Cape Town dated the 19th October 1927 in which are mentioned the strong measures taken by the South African Government against the use of the Rate System by Shipping Companies, which are interested in the over-seas trade of South Africa and benefit by the mail contract with the Government of that country.

As regards the Training Ship which is going to admit cadets on board from December next, my Committee have to point out to you once again that the absence of the assurance to the cadets that they would have reasonable prospects of employment after they finish their training and apprenticeship is likely to defeat the object that the scheme has in view. Sir Charles Innes himself was conscious of this fact when he observed:

"you cannot expect the middle class boys of decent education to come forward to be trained as Deck Officers unless they have some reasonable prospects of employment".

The principle of finding future employment for the success of the scheme of the Training Ship was not only recommended by the Indian Mercantile Marine Committee but was also recognised by implication by the Viceroy himself in the appeal which he made in December last to the British Shipping Companies during his speech at Cawnpore to co-operate with them by giving the young Indians a fair chance of employment on their steamers. In view, however, of the report of the recent decision of the British Shipowners that the Indian cadets should look for employment only to Indian Companies and not to

British Shipping Companies, my Committee have once again to urge upon the Government of India to give legislative effect to the recommendations of the Indian Mercantile Marine Committee in connection with the question of employment.

My Committee have also to draw the attention of the Government to the fact that no steps have yet been taken to carry out the recommendations of the Mercantile Marine Committee for providing facilities for the training of Engineer Officers and they have no doubt, as remarked by Sir George Rainy in the Legislative Assembly the Government would announce their scheme in this connection at an early date.

No. 238-S (64)

**From Government of India Department of Commerce to
Chamber.**

New Delhi, the 8th November 1927,

I am directed to acknowledge the receipt of your letter No. G. 2428, dated the 29th/31st October 1927.

No. 245 dated 28th January 1928.

**From Chamber to the Government of India
Department of Commerce.**

I am directed by my Committee to invite a reference to their letter No. G. 2428 dated 31st October 1927 to which no reply has been received.

My Committee have been repeatedly requesting the Government for the last three years to take immediate steps for the reservation of the coasting trade of India to Indian shipping, but it is regrettable to note that so far no action has been taken in the matter. The question requires immediate attention now in view of the recent developments in the freight policies of some steamship companies which have adopted freight cutting which adversely affects the legitimate shipping interests of the country. It is hoped that the Government of India will realise the importance of this issue and give effect to the recommendations of the Mercantile Marine Com-

mittee regarding (1) Reservation of coastal trade (2) abolition of deferred rebate system etc. at an early date, My Committee look forward to an early favourable reply.

(2) CURRENCY, EXCHANGE AND FINANCE.

APPENDIX 25.

ISSUE OF EMERGENCY CURRENCY TO IMPERIAL BANK OF INDIA

Dated 15th February 1927

**Telegram from Chamber to Sir Purshottamdas
Thakurdas KT., M. L. A.**

"Committee request you to forward following telegram Finance Department Government of India. Committee Indian Merchants' Chamber beg to record their emphatic protest against Government going back on their undertaking to issue four crores Emergency Currency at six percent without any previous announcement of such change of policy which my Committee apprehend is mainly, if not solely, directed to support exchange at eighteen pence. (Stop) Committee submit such sudden change of policy very unsettling to Money Market and detrimental to trade and industry and urge Government state reasons for this departure and the policy they wish to pursue hereafter. Inchambu"

APPENDIX 26.

OMISSIONS OF FOOTNOTES REGARDING THE COM-
POSITION OF RUPEE AND STERLING SECURITIES
IN THE PAPER CURRENCY RESERVE FROM THE
WEEKLY STATEMENTS OF THE CURRENCY
DEPARTMENT.

No. G, 1066 26th May, 1927.

From Chamber to the Government of India Finance
Department, Simla.

My Committee notice that for the past two or three weeks the statements issued by the Currency Department of the reserves against the Note Issue do not contain the foot-notes that always used to be there and which gave the exact composition of the Rupee Securities and the Sterling Securities in the Paper Currency Reserve. These foot-notes continued to appear upto the statement giving the position to 22nd April last and have not appeared in the subsequent statements. These foot-notes contained information which was of great value to all interested in the position of exchange and of the money market and my Committee do not understand why this information which was being regularly given for so many years is now withheld from the public. The omission of this information coincides with the period when Rupee Securities are said to have been sold from the Reserves of the Currency Department and has therefore created a very uneasy feeling in commercial circles. If what Government are doing is sound they have nothing to fear and there is no reason why the facts should be withheld from the public, but the omission of these foot-notes gives ground for the apprehension that Government are carrying out certain operations which they do not wish to expose to the public gaze. My Committee submit that the creation of such an impression in the minds of the public cannot tend to confidence in the currency policy of the Government and I am directed to suggest that these foot-notes should be again restored

in the statements of the Currency Department as till 22nd April last and if it is considered inadvisable to do so, Government be pleased to state their reasons for such change.

No. D/2919-F. Simla Dated 9th June 1927

From Government of India Finance Department to Chamber.

With reference to your letter No. G-1066, dated the 25th May 1927, on the above subject, I am directed to state that the information now furnished in the weekly statements is in accordance with the provisions of Section 27 of the Indian Paper Currency Act X of 1923. Clause (c) of that Section requires that the nominal value and cost price of sterling securities should be shown separately from those of rupee securities, the latter including the Treasury bills. The Government are of opinion that it is not desirable in this matter to give more information than is required by law.

No. G1224 17th June 1927.

**From Chamber to the Government of India
Finance Department, Simla.**

I am directed to acknowledge receipt of your letter of the 9th June 1927, No. D||2919-F, and to request you to be pleased to inform my Committee how it is that the Government of India have only now, after a lapse of so many years, decided "not to give more information than is required by law" in the weekly statements issued by them with regard to the Indian Paper Currency Act. My Committee would like to know if any special reasons appeared which have necessitated the keeping back of such information from the public.

No. D. 3267-F.

**From Government of India, Finance Department to Chamber
Simla, the 28th June 1927.**

With reference to your letter No. G. 1224. dated the 17th June 1927, on the above subject, I am directed to say that the Government of India have nothing further to add to their letter No. D, 2919-F, dated the 9th June 1927,

APPENDIX 27.
CURRENCY DEFLATIONS.

No. G 762 15th April 1927.

From Chamber to the Government of India
Finance Department, Simla.

I am asked by my Committee to address you regarding the two recent deflations since 1st April of Rs. 2 crores and 3.33 crores by removal of £.2½ millions from the Sterling Securities in the Currency Reserve. All through the last financial year a similar objectionable policy was followed resulting in a deflation of India's gold resources to the extent of some £.23½ millions and deflation of Currency in India amounting to about Rs. 31½ crores. My Committee repeatedly protested against this. However, while the 2 sh. rate was on the Statute Book such action was plausibly defended on the ground that Government had to do what they considered best under the circumstances. Even this plausible defence can no longer hold good after the passage of the Currency Bill by the Assembly last month, as the latter lays down clearly what the currency authority has to do. Apart from the question of the ratio of the Rupee that Bill clearly lays down the rates at which the Currency authority shall buy or sell gold or gold exchange. The object of these provisions cannot but be to make the working of the currency system automatic. My Committee trust that it is the intention of the Government to carry out both in the letter and the spirit the provisions of this Bill of theirs which has now become an act. They would therefore be glad to know under what section of the Act as it now stands the Currency authorities parted with the above £.1½ million and £.2½ millions of the gold assets of the Currency Reserve. My Committee also notice that the Currency authority has effected such deflation on the basis of 1s. 6d. and would like to know the section of the Act which authorises to deflate on this basis.

My committee have strongly differed and still differ from Government on the question of the Ratio, but they had atleast expected that, with the passage of the Bill, all arbitrary manipulation

of the currency system would cease, and Government would carry out the future management of our Reserves in conformity with the law as recommended by the Finance Member and enacted with the help of the votes of the Government block in the Legislative Assembly.

The deflations above referred to appear to my Committee not to be in conformity with the provisions of even the last amending Act of the Government. Such action is almost unparalleled when it is remembered that there is a substantial amount of 2 crores of Emergency Currency still outstanding because the very continuance of this emergency issue means that Currency cannot be redundant. And, unless it is redundant deflation is indefensible and Government owe an explanation to the country for the same. The Act, as amended, lays down the conditions under which, and the manner in which, the currency authority can part with any of the gold assets of the Currency Reserve. If these are not to be observed the enactment of this law, and the prospect held out by Government of the latest amendment of the currency Act securing for India a sound currency system become a delusion and a mockery.

My Committee have also noticed the revaluation in terms of Rupees of the gold Assets in the Currency Reserve. According to a statement in the press there was increase of some Rs. 930 crores in the gold Assets which enabled the cancellation of Indian Treasury Bills to that extent and it was further stated that the percentage of metallic circulation to the total Note Issue had improved from 69.62 to 72.45 per cent. My Committee need hardly point out that if the ratio of 1sb. 4d. had been restored the increase in the gold Assets on revaluation would have been Rs. 13.94 crores instead of only Rs. 9.30 crores, and the percentage would also have been higher than is now the case. However, if Government continue to dissipate such gold Assets as are still left at the pace they have done in the last fortnight, regardless of the provisions of the Currency Act, my Committee apprehend the most disastrous results to the grower of India's agricultural produce and to its industries and to the country at large.

No. G. 1000 16th May 1927.

**From Chamber to the Government, of India Finance
Department, Simla.**

I am directed by my Committee to remind you of their letter dated the 15th April 1927, No. G. 762, to which they have not as yet received any reply. I am further asked to draw the attention of Government to the two recent deflations of Rs. 3 crores and 2 crores, respectively, against Rupees securities. Apart from their objections to the continuance of this kind of deflation they desire to register their emphatic protest against the way in which the public has been kept in ignorance of measures of such very serious import to the trading community and of the policy underlying it. On reports of the first deflation of about Rs. 3 crores, my Committee addressed the Deputy Controller of the Currency, Bombay, and were surprised to be told in reply that he had no information to give because no Government's communique had been issued. My Committee submit that this is a most unsatisfactory position and that if Government want to persist in their present arbitrary course, they should at least inform the public of their operations so as to have information available to all simultaneously.

2. The next thing my Committee would wish to ask is whether there is going to be any limit to these disastrous deflations. Is the ratio of 1st—6d. held so sacrosanct by Government that even the bare normality of the country is to be sacrificed in order to maintain the ratio? To put it in the words of a member of the Royal Currency Commission, is there not "a point at which any further contraction of the currency in the country would cause a greater damage than the abandonment of the gold points in exchange?" My Committee would like to know whether Government have made up their minds as to what such point is if and so, whether they think that point has not been reached yet; or is it the opinion of the Government that they need not desist from their policy of deflation at any such point even though persistence in the policy may lead to greater damage than the temporary abandonment of the lower gold point? My Committee are impelled to ask this question because they find that the total

deflations since 1st April 1926, i.e., in the short space of only 13½ months, have been as much as rupees 41.10 crores, and unless the Finance Member has very seriously erred in his evidence before the Currency Commission, the point, where deflation would cease if it is not to cause even a greater damage than the abandonment of the gold point, has already been left far behind, because in his evidence he said that even Rs. 25 crores was an over-estimate of the..... contraction of the actual circulating medium that was possible.

3. My Committee have repeatedly explained that the policy so obstinately persisted in, of imposing the 18d. ratio on the country would be disastrous to the best interests of India, and no better proof of it need be put forward than the fact that the amount of deflation found necessary to support the exchange at the 18d. ratio has gone far beyond the point at which, according to the evidence of the Finance Member himself, it could be done without serious damage to the economic interests of the country, and has gone further than the Rs. 10 crores that the experienced Managing Governor of the Imperial Bank of India, Sir Norcott Warren, considered the limit. If in spite of this Government persist in further deflations, informed public opinion in India will hold them guilty of the total disregard of the best interests of this country which Government apparently appear to be ready to sacrifice for other interests. My Committee understand that large blocks of 3 and 3½ per cent Government Paper for 1842-43 have been placed upon the market by the Imperial Bank on behalf of Government and that it is on account of the Currency Department. They would like to be informed if this information is correct. If it is so, my Committee are amazed at the extremes to which the Government are obliged to proceed to maintain their favourite ratio. My Committee are reminded in this connection of what took place in 1893-98 when also the Government wanted to stabilise a ratio higher than the one prevalent at the time. The Bank rate then had to be raised to over 12 per cent to push up the exchange and my Committee wonder if this penalty India will again be made to pay for the luxury of a higher ratio. My Committee cannot help observing that these 3 and 3½ percent Government Paper in the Currency Reserve is of the same nature as the securities behind

the fixed fiduciary issue of the Bank of England and they do not know a single instance in the history of that Bank when any such securities were sold and the proceeds used to deflate the currency and that the Government of India should have no alternative but to resort to this today proves the hollowness of the claim made till now that the 18d. ratio was justified as economic conditions in India had adjusted themselves to it.

No. D. 2642-F: Simla, the 20th May, 1927.

From Government of India Finance Department to Chamber.

With reference to your reminder No. G. 963, dated the 11th May 1927, I am directed to say that the Government of India do not propose to send any further reply to the communication in question beyond the acknowledgement already issued.

No. G. 1074 27th May 1927.

**From Chamber to the Government of India Finance
Department, Simla.**

I am in receipt of your letter dated the 20th inst., No. D. 2642-F, communicating to me the decision of the Government of India not to send any further reply to the communication of my Committee to your Department covered by my reminder No. G. 963, dated the 11th instant. The said reminder refers to my letter to your Department dated the 15th April last, Since then my Committee have sent to you two further letters dated the 18th and 25th instant. I am desirous to enquire as to when my Committee may expect to hear from your Department in reply to these letters. A reply at your early convenience will enable my Committee to consider your letter under reply fully.

Since your letter under reply was submitted to my Committee, I have observed yesterday morning the "exclusive interview" given by the Hon'ble the Finance Member to the representative of a local daily paper, and the contents of this interview will be considered by my Committee at their convenience.

No. G. 1245 21st June 1927.

**From Chamber to the Government of India, Finance
Department, Simla.**

I beg to invite your attention to my letter dated 27th May 1927, No. G. 1074, and two subsequent reminders dated the 7th and 15th instant. Since then a reply to this Office letter No. G. 1066 dated the 26th May 1927 has been received but no reply to my letter No. G. 1000 dated 16th May 1927 has yet been received.

My Committee will be much obliged if you will be good enough to inform them when they may expect to hear from your Department in reply to the same,

No. D/3239-F. Simla, 24th June 1927.

From Government of India Finance Department to Chamber.

I am directed to acknowledge receipt of your card, No. G. 1204, dated the 15th June 1927, reminding Government of your letters, dated the 16th and 25th May 1927. In reply, I am to say that the latter letter has been replied to in this Department letter No. D/2919-F., dated the 9th June 1927, while as regards the former, I am to refer to this Department letter No. D/2642-F., dated the 20th May 1927,

No. G. 1448 Bombay, 16th July 1927.

**From Chamber to the Government of India Finance
Department, Simla.**

I am directed to acknowledge receipt your letter of the 24th June, No. D-3239-F, in reply to my communication of the 16th and 25th May last, in which you say that you have already replied to these letters. It is necessary to recapitulate the gist of the correspondence that has passed in order to show why my Committee are unable to rest satisfied with your replies referred to by you.

2. On 15th April last I addressed you in reference to the defa-

tions of Rs. 2 crores and 3.33 crores that had then taken place and pointed out that since 1st April last even the plausible defence that Government had to do what they considered best, no longer held good after the passage of the Currency Bill which laid down what the Currency Authority had to do. My Committee, therefore, wished to know what sections of the Currency Act authorised the deflations above referred to.

2. A post card merely acknowledging the above letter was sent to me dated 21st April. On the 29th April, my Committee noticed a report in the press of a further deflation of Rs. 3 crores against *ad hoc* securities and addressed the Deputy Controller of Currency, Bombay, asking him to be good enough to supply a copy of an official Press Note that may have been or was going to be issued on the subject. His reply of the 2nd May was that no press note had been issued in connection with the deflation of Rs. 3 crores referred to and that he was not in a position to give any information on the subject.

4. No reply was vouchsafed to my letter of the 15th April and further deflations of Rs. 3 crores and 2 crores had taken place. My Committee were, therefore, compelled to address you once more on the subject by my letter dated the 16th May 1927 and said they wished to register their emphatic protest against the way in which the public had been kept in ignorance of measures of such very serious import to the trading community and of the policy underlying it. My Committee pointed out that this was a most unsatisfactory position and that if Government wanted to persist in this present arbitrary course they should at least inform the public of their operations so as to have information available to all simultaneously.

5. In the same letter my Committee further pointed out that in the short space of $13\frac{1}{2}$ months since 1st April 1926 there had been a deflation of 41.10 crores and that unless the Finance Member had very grievously erred in his evidence before the Currency Commission, the point where deflation should cease, if it was not to cause even greater damage than the abandonment of the Gold Point, had already been left far behind. In his evidence he had said that even Rs. 25 crores was an over-estimate of the amount of contraction of the actual circulating medium that was possible, while Sir Norcott Warren

had held that even Rs. 10 crores would be the limit, and my Committee pointed out that if the Government's policy was persisted in, the public would hold Government guilty of disregard of the best interests of this country.

6. They further referred in the same letter to the rumours that large blocks of 3% and 3½% Government paper were being sold by the Imperial Bank on behalf of the Currency Department and as asked if there was any truth in it, and added that, if it is true, they were amazed at the extremes to which Government was prepared to go to maintain its favourite ratio. They further pointed out that the 3% and 3½% Government paper in the Currency Reserve was of the same nature as the securities behind the fixed fiduciary issue of the Bank of England, and that they did not know of a single instance in the history of that Bank when such securities had been sold and the proceeds used to deflate the currency. Resort to such unusual measures not only showed the hollowness of the claim that economic conditions in India had adjusted themselves to the 18d. ratio, but led my Committee to fear a repetition of the conditions of the period 1893-98, when a similar attempt to bolster up exchange had led to a Bank rate of 12%.

7. Reminders had been sent in connection with our letter of 15th April 1927 mentioned in para 2 of this letter and on 20th May the only reply vouchsafed to us was that "*the Government of India did not propose to send any further reply to the communication in question beyond the mere acknowledgment already issued.*" In the meantime, another question arose. My Committee noticed that the foot-notes which used to always appear at the foot of the weekly statement of the Currency Department had been discontinued. They accordingly addressed Government once more in their letter dated the 25/26th May 1927 pointing out that the omission of the information usually conveyed in these footnotes, coinciding as it did with the sale of the Rupee securities held in the Currency Reserve, had created a very uneasy feeling in commercial circles. My Committee urged Government to either resume publication of those foot-notes, or, if this was for any reason considered inadvisable, to state the reasons for the same, because they

considered that Government had nothing to fear from the continued publication of those foot-notes if what Government was doing was sound, and that the non-publication would, on the contrary, create the impression that they wanted to conceal what they were doing from the public gaze.

8. The letter of my Committee dated 16th May referred to in para 4 above was also favoured with a mere formal acknowledgment by post card on the 23rd May and on the 27th May my Committee once more wrote to the Government reminding them of the various letters herein referred to and asking when they might hope to receive a reply.

9. On the 9th June Government was good enough to reply to the letter of my Committee about the suppression of the footnotes to the Currency Statement in which they said the information now furnished was in accordance with section 27 of the Indian Paper Currency Act of 1923 and the Government was of opinion that it was not desirable to give more information. My Committee wrote back on the 17th June and asked why, after so many years, it was only now that it was considered undesirable to give more information than required by law and whether any special reasons now necessitated the keeping back of such information from the public.

10. This was followed up with another reminder for a reply to my Committee's letter of the 16th May and my Committee regret to find from your letter under acknowledgment dated 24th June that you refer them to your letter dated the 20th May which means the Government do not propose to send any further reply to the communication in question beyond the acknowledgment already issued.

11. Your letter in reply (dated 24th June) says that this Chamber's letter of 25th May has been replied to by yours of the 9th June, and this Chamber's letter of the 16th May has been replied to by yours of the 20th May. Your letter of the 20th May, however, says that the Government of India do not propose to send any further reply to this Chamber's letter dated 15th April beyond a mere acknowledgment. Your letter of the 9th June has been replied to by this Chamber by their letter of the 17th June and I am to remind

you that the inquiry made by this Chamber in their letter of the 17th June and I am to remind you that the inquiry made by this Chamber in their letter of the 17th June has not yet been replied to.

12. It would appear from the above summary of the correspondence between the Finance Department of the Government of India and this Chamber that the Finance Department, has, since April last, taken up the attitude of avoiding replies to this Chamber's letters, wherever they found that they were being asked questions which were not convenient for them to answer. When a policy unjustified by circumstances prevalent in the country or by the elementary principles of economics is insisted upon by a party, my Committee can readily understand the reluctance of such a party to reply even cognate enquiries which may lay bare the disastrous part of such a policy. In view however, of the fact that the sacrifice and cost as a whole in this particular case to this country is enormous, the Committee of this Chamber have felt it their duty to press for the reasonable explanation and information which they have asked for in their letters dated 15th April, 16th May, 25th May and 17th June last. The persistence of the Finance Department in refusing to give the very reasonable information that my Committee have asked for, leads my Committee and, they are sure, the Indian Commercial Community as a whole to the only conclusion, that the Finance Department of the Government of India wish to take the fullest advantage of their somewhat entrenched position due to their bureaucratic power. I am, on behalf of my Committee, to request the Governor General in Council to reconsider your reply dated the 24th June, and send me a full reply to the four letters of the Chamber referred to above.

APPENDIX 28.

PROTEST RE SALE OF SILVER BY THE GOVERNMENT
OF INDIA.

No. G1615 5th August 1927.

**Telegram from Chamber to the Government of India, Finance
Department, Simla.**

"The sale of silver is one further step proving the utter unsuitability of the 18d. ratio manouevered through the Assembly by the Government. The necessity of Government borrowing in London and this sale of silver despite the reported strong desire expressed by the Joint Committee at Calcutta that Government should not sell any silver prove that the anxiety of Government is not the best interests of India and her masses, but the forced maintenance of Government's prestige in this ill-advised and wrongly conceived decision of theirs. The apprehension of the commercial community now justifiably is how much more silver Government will sell, and whilst my Committee expect no announcement from Government in this connection they feel that they must lodge their emphatic and whole-hearted protest against the step taken by Government in parting with India's silver irrespective of the price at which it stood in the Reserves and in total disregard of the effects on the saving of the masses in the form of silver. The people would now be justified in suspecting the motive of Government in their proposal to make Currency Notes irredeemable in silver and for this suspicion the whole blame can only lie at the doors of the Government. Inchambu!"

APPENDIX 29.

GOLD STANDARD AND RESERVE BANK OF INDIA BILL.

No. 5227 E Dated 29th January 1927.

**From the Government of Bombay Finance Department
to Chamber.**

I am directed to forward a copy of the Gold Standard and Reserve Bank of India Bill and to request that you will be so good as to favour Government with the opinion of your Chamber on the Bill, by the 15th February 1927, at the latest.

BILL

TO

Establish a gold standard currency for British India and constitute a Reserve Bank of India.

WHEREAS it is expedient to provide for the establishment of a gold standard currency for British India; to constitute a Reserve Bank of India to control the working of that standard and regulate the issue of bank notes and the keeping of reserves with a view to securing stability in the monetary system of British India; and generally to make provisions for matters incidental thereto; It is hereby enacted as follows :—

CHAPTER I.

PRELIMINARY

1. (1) This Act may be called the Gold Standard and Reserve Bank of India Act, 1927.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas.

(3) This section shall come into force at once, and the remaining provisions of this Act shall come into force on such date or dates, not later than the 1st day of January, 1929, as the Governor General in Council may, by notification in the Gazette of India, appoint.

(4) Chapter III shall be in force for a period of twenty-five years and its operation may thereafter be extended for such further period or periods as the Governor General in Council may, by notification in the Gazette of India, direct.

2. In this Act, unless there is anything repugnant in the subject Definitions, or context,—

- (a) "the Bank" means the Reserve Bank of India constituted by this Act;
- (b) "the Banking Department" means and includes all departments of the Bank other than the Issue Department;
- (c) "bank rate" means the rate published by the Bank under section 44;
- (d) "the Board" means the Board of Directors constituted in accordance with section 9;
- (e) "bank note" means a promissory note payable to bearer on demand which is a legal tender throughout British India;
- (f) "general meeting" means a meeting of the registered shareholders of the Bank;
- (g) "gold standard country" means any country, other than British India, from which any person is at liberty to export gold and in which any person may obtain gold on demand from the principal currency authority on payment of the equivalent thereof, as prescribed by law, in legal tender currency;
- (h) "Government of India debt" means the registered public debt and securities of the Governor General in Council;
- (i) "Issue Department" means that Department of the Bank which is charged by section 20 with the conduct and management of the note issue;
- (j) "the Reserve" means the assets of the Issue Department as specified in section 28,
- (k) "the Reserve Fund" means the Reserve Fund referred to in section 43; and
- (l) "rupee coin" means silver rupees which are legal tender under the provisions of the Indian Coinage Act, 1906.

CHAPTER II.

INCORPORATION, SHARE CAPITAL MANAGEMENT AND BUSINESS.

Establishment and incorporation of the Reserve Bank of India.

3. (1) A Bank to be called the Reserve Bank of India shall be constituted for the purpose of taking over the management of the currency from the Governor General in Council and of carrying on the business of banking in accordance with the provisions of this Act.

(2) The Bank shall be a body corporate by the name of the Reserve Bank of India, having perpetual succession and a common seal, and shall by the said name sue and be sued.

Share Capital.

4. (1) The original share capital of the Bank shall be fifty million rupees divided into shares of five hundred rupees each, which shall be fully paid up.

(2) Of the original share capital of the Bank the Imperial Bank of India shall be given the option of subscribing three-tenths and the remainder, together with any shares not taken up by the Imperial Bank of India under this option, shall be offered for public subscription.

(3) If the full amount of the share capital is not so subscribed, the Governor General in Council shall take up the remainder of the shares at par, and shall subsequently dispose of the same by sale to the public within three years.

5. (1) The share capital of the Bank may be increased by the Board with the previous sanction of the Governor General in Council.

(2) Every such increase shall be fully paid up, and the price at which such further shares may be issued shall be fixed by the Board with the like sanction,

(3) The Board may determine the manner in which any increase of capital shall be effected.

(4) The share capital of the Bank may be reduced by the Board, with the previous sanction of the Governor General in Council to such extent and in such manner as may be determined by the Bank in general meeting.

Head Office, Branches and Agencies.

6. The Head Office of the Bank shall be established in Bombay, Branches and the Bank shall have branches in Calcutta Agencies Report para. 97. Madras and London and may establish branches or agencies in any other places, whether in India or elsewhere,

Management of the Bank.

7. The general superintendence of the affairs and business of Management the Bank shall be entrusted to a Board Report paras. 93 and 94 of Directors which may exercise all powers and do all such acts and things as may be exercised or done by the Bank and are not by this Act expressly directed or required to be done by the Bank in general meeting.

8. Save as expressly provided in this Act, no person may be a Certain persons dis- Director who is an officer of Government qualified for director- or a member of the Indian or a local Legislative Report paras. 95 and ture or is a director, officer or employee of 96. any other bank.

9. (1) The Board shall consist of the following Directors, Composition of Board. namely :— Report para 94.

- (a) a Governor and a Deputy Governor, who shall be appointed by the Governor-General in Council for a period of five years and shall devote their whole time to the affairs of the Bank and shall receive such salaries and allowances respectively as may be determined by the Board;
- (b) nine Directors elected by the shareholders, each of whom shall be the registered holder in his own right of not less than twenty unincumbered shares of the Bank, and of whom two shall be elected to represent business interests

in Calcutta, two to represent business interests in Bombay, one to represent business interest in Madras, and two to represent business interests in British India exclusive of Calcutta, Bombay and Madras :—

- (c) three Directors nominated by the Governor-General in Council to represent the interests of commerce, industry and agriculture, respectively, and
- (d) an officer of Government appointed by the Governor-General in Council.

(2) The Directors nominated by the Governor-General in Council under clause (c) of sub-section (1) shall hold office for such terms respectively, not exceeding three years in any case as he may direct at the time of nomination, but any such Director whose term of office has expired may be re-nominated.

(3) The Director appointed under clause (d) of sub-section (1) may attend any meeting of the Board and take part in its deliberations, but shall not be entitled to vote on any question arising at any such meeting.

(4) Of the nine Directors elected under clause (b) of sub-section (1), three shall retire annually by rotation but shall be eligible for re-election ; the order of the retirement of the nine Directors first elected shall be determined by lot.

(5) Any casual vacancy in the office of a Director elected under clause (b) of sub-section (1) shall be filled by the Board, but all such appointments shall be subject to confirmation at the next general meeting. A person appointed to fill a casual vacancy shall hold office for the unexpired portion of the term of office of his predecessor.

(6) For the purposes of clause (b) of sub-section (1), a person shall not be deemed to represent business interests in any place unless he is a director of a company, registered under the Indian Companies, Act, 1913, of which the registered office is situated in that place.

10. The Governor or Deputy Governor or any Director nominated or appointed under clause (c) of sub-section (1) of section 9 may be removed from office by the Governor-General in Council before the expiration of his period of office, if a resolution is passed in this behalf by the Board by a majority consisting of not less than nine Directors, and any Director elected under clause (b) of that sub-section or appointed by the Board under sub-section (5) of section 9 may be so removed by special resolution passed at a general meeting by a majority consisting of not less than one-half of the total number of the votes held by the shareholders.

11. Meetings of the Board shall be convened once in each month by the Governor. They shall ordinarily be held in Bombay, but a meeting of the Board shall be held in Calcutta at least once in every four months.

12. (1) A general meeting hereinafter in this Act referred to as the annual general meeting shall be held annually at Bombay within six weeks from the date on which the annual accounts of the Bank are closed, and a general meeting may be convened by the Board at any other time.

(2) At a general meeting every shareholder shall have one vote for every four shares which he has been a registered holder for not less than six months, or ten votes, whichever number is less, and no shareholder shall be entitled to tender, whether personally or as a proxy, more than ten votes in all.

Temporary Provision.

13. Notwithstanding anything contained in section 9—

Temporary provision
for formation of the first
Board.

(a) the salaries and allowances of the first Governor and Deputy Governor shall be such as may be determined by the Governor-General in Council ; and

- (b) the Directors referred to in clause (b) of sub-section (1) of that section shall, for the purpose of the constitution of the first Board, be nominated by the Governor General in Council for a term of one year only and shall thereafter be elected as provided in that sub-section.

Business of the Bank.

14. The Bank shall be authorised to carry on and transact the Business which the bank may transact. several kinds of business hereinafter specified, namely :—
Report para. 163.

- (1) the accepting of money on deposit without interest from, and the collection of money for, the Secretary of State in Council, the Governor General in Council, Local Governments, banks and other persons ;
- (2) (a) the purchase, sale and rediscount of bills of exchange and promissory notes, payable in India and arising out of *bona fide* commercial or trade transactions, bearing two or more good signatures, one of which shall be that of a bank and maturing within ninety days from the date of such purchase or rediscount.
- (b) the purchase, sale and rediscount of bills of exchange and promissory notes, bearing two or more good signatures, one of which shall be that of a bank, drawn or issued for the purpose of financing seasonal agricultural operations or the marketing of crops, and maturing within six months from the date of such purchase or rediscount; provided that the face value of bills or notes so purchased or rediscounted shall not at any time exceed one-fifth of the total face value of all bills and notes purchased or rediscounted by the Bank ;
- (c) the purchase, sale and rediscount of bills of exchange and promissory notes, bearing the signature of a bank, and issued or drawn for the purpose of holding or trading in Government securities, and maturing within ninety days from the date of such purchase or rediscount ;

- (3) the purchase from and sale to banks and persons approved by the Board, in amounts of not less than the equivalent of one hundred thousand rupees, of the currencies of gold standard countries, and of bills of exchange (including treasury bills) drawn in or on any place in a gold standard country, and maturing within ninety days from the date of such purchase ; and the keeping of balances with banks in such countries ;
- (4) the making of loans and advances for fixed periods not exceeding ninety days against the security of—
 - (a) stocks, funds and securities (other than immoveable property) in which a trustee is authorised to invest trust money by any Act of Parliament or by any Act of the Governor General in Council or the Indian Legislature ;
 - (b) gold coin and bullion or documents of title to the same ;
 - (c) such bills of exchange and promissory notes as are eligible for purchase or rediscount by the Bank : provided that loans and advances against such securities as are referred to in sub-clause (b) of clause (2) shall not exceed one-fifth of the total loans and advances made by the Bank ;
 - (d) such bills of exchange as are eligible for purchase by the Bank under clause (3) ;
 - (e) promissory notes of any bank mentioned in the First Schedule, supported by documents giving title to goods which have been transferred, assigned or hypothecated to any such bank as security for a cash credit granted for *bona fide* commercial or trade transactions, or for the purpose of financing seasonal agricultural operations or the marketing of crops : provided that no loan or advance shall be made on the security of any promissory note such as is referred to in this sub-clause after the expiry of five years from the date on which this section comes into force ;
- (5) the making of advances to the Governor General in Council repayable in each case not later than three months after

the close of the financial year in respect of which the advance has been made;

- (6) the issue of demand drafts and the making, issue and circulation of bank post bills made payable on its own branches;
- (7) the purchase and sale of securities, maturing within five years from the date of such purchase, of the Government of any gold standard country;
- (8) the purchase and sale of securities of the Government of India of any maturity for the purpose of holding the same in the Reserve or for the purpose of the investment of the staff or superannuation funds;
- (9) the purchase and sale of securities of the Government of India of any maturity or of securities of a Local Government maturing within five years from the date of their purchase, for the purpose of investment of the share capital of the Bank or of the Reserve Fund;
- (10) the purchase and sale of securities of the Government of India or of Local Governments or of local authorities in British India for any purpose other than those referred to in clauses (8) and (9) :

Provided that the total value of such securities so purchased shall not at any time exceed two-fifths of the liabilities for the time being of the Banking Department in respect of deposits, and of such total value an amount not exceeding one-fifth of such liabilities may be represented by securities maturing after six months and within ten years from the date of their purchase (of which, however, securities representing at least half that proportion shall be securities maturing within one year from the date of their purchase) and the remainder shall be represented by securities maturing within six months from the date of their purchase ;

- (11) the custody of monies, securities and other articles of value, and the collection of the proceeds, whether principal, interest or dividends, of any such securities ;

- (12) the sale and realisation of all property, whether moveable or immoveable, which may in any way come into the possession of the Bank in satisfaction, or part satisfaction, of any of its claims ;
- (13) the acting as agent for the Secretary of State in Council, the Governor General in Council or any Local Government in the transaction of any of the following kinds of business, namely :—
 - (a) the purchase and sale of gold or silver ;
 - (b) the purchase, sale, transfer and custody of bills of exchange, securities or shares in any company ;
 - (c) the collection of the proceeds, whether principal, interest or dividends, of any securities or shares ;
 - (d) the remittance of such proceeds, at the risk of the principal, by bills of exchange payable either in India or elsewhere ;
 - (e) the management of public debt
- (14) the purchase and sale of gold coin and bullion ;
- (15) the opening of an account with, and the acting as agent or correspondent of, any other bank ;
- (16) the making and issue of bank notes subject to the provisions of the Act ; and
- (17) generally, the doing of all such matters and things as may be incidental or subsidiary to the transaction of the various kinds of business herein before specified.

15. After such date as the Governor-General in Council may
 Power of direct dis- fix in this behalf, the Bank may, notwith-
 count. standing any limitation contained in sub-
 Report para. 102. clauses (a) and (b) of clause (2) of section 14,
 purchase, sell or discount any bills of exchange or promissory notes
 arising out of *bona fide* commercial or trade transactions, bearing
 two or more good signatures and maturing within ninety days from
 the date of such purchase or discount.

16. Save as otherwise provided in section 14 and 15, the Banks

Business which the may not—
Bank may not transact.
Report para. 163.

- (1) engage in trade or otherwise have a direct interest in any Commercial, industrial, or other undertaking, except such interest as it may in any way acquire in the course of the satisfaction of any of the claims; provided that all such interests shall be disposed of at the earliest possible moment;
- (2) purchase its own shares or the shares of any other bank or of any company, or grant loans upon the security of any such shares;
- (3) advance money on mortgage of, or otherwise on the security of immoveable property or documents of title relating thereto, or become the owner of immoveable property, except so far as is necessary for its own business premises and residences for its officers and servants;
- (4) make unsecured loans or advances;
- (5) draw or accept bills payable otherwise than on demand
- (6) allow interest on deposits.

CHAPTER III.

CENTRAL BANKING FUNCTION.

Relations of the Bank with the Secretary of State in Council and the Governor-General in Council.

17. The Bank shall undertake to accept monies for account of
Obligation of Bank to the Secretary of State in Council and the
transact Government Governor-General in Council and to make
business. payments up to the amount standing to the
Report para. 146. credit of their accounts respectively, and to carry out their exchange,
remittance and other banking operations, including the management
of the Government of India Debt, on such conditions as may be
agreed upon,

18. (1) The Governor General in Council shall undertake to Bank to have the right to transact Govern- ment business. Report para. 140. entrust the Bank, on such conditions as may be agreed upon, with all his money, remittance, exchange and banking transactions in India and elsewhere and in particular, to deposit free of interest all his such balances with the Bank.

Provided that nothing in this sub-section shall prevent the Governor-General in Council from carrying on money transactions of Government treasuries or sub-treasuries at places where the Bank has no branches or agencies, and the Governor-General in Council may hold at such treasuries and sub-treasuries such balances as he may require.

(2) The Governor General in Council shall undertake to entrust the Bank, on such conditions as may be agreed upon with the management of the Government of India Debt and with the issue of any new loans.

Note Issue

19. (1) The Bank shall have the sole right to issue bank notes Right to issue bank in British India, and may, for a period of notes. Report para. 141. one year from the date on which this Chapter comes into force, issue currency notes of the Government of India, supplied to it by the Governor General in council, and the provisions of this Act applicable to bank notes shall unless a contrary intention appears, apply to all currency notes of the Government of India issued either by the Governor General in Council or by the Bank in like manner as if such currency notes were bank notes, and references in this Act to bank notes shall be construed accordingly.

(2) On and from the aforesaid date the Governor General in Council shall not issue any currency notes or any other kind of paper money.

20. (1) The issue of bank notes shall be conducted by the Issue Department. Report para. 143. Bank in an Issue Department which shall be separated and wholly distinct from the Banking Department, and

the assets of the Issue Department shall not be subject to any liability other than the liabilities of the Issue Department as hereinafter defined in section 29.

(2) The Issue Department shall not issue bank notes to the Banking Department or to any other person except in exchange for other bank notes or for such coin, bullion or securities as are permitted by this Act to form part of the Reserve.

21. Bank notes shall be of the denominational values of
Denominations of notes. 5, 10, 50, 100, 500, 1,000 and 10,000 rupees,
 Report para. 142 and of such other denominational values, if
 any, as may be directed by the Governor General in Council.

22. The design, form and material of bank notes shall be such
Form of bank notes. as may be approved by the Governor General
 Report para. 142 in Council.
 155.

23. (1) Subject to the provision of sub-section (2), every bank
Legal tender character of notes. note shall be legal tender at any place in
 Report para. 149. British India in payment or on account
 for the amount expressed therein, and shall
 be guaranteed by the Governor General
 in Council.

(2) The Governor General in Council may, by notification in the Gazette of India, declare that, with effect from such date as may be specified in the notification, any series of bank notes of any denomination shall cease to be legal tender save at an office or agency of the Bank.

24. The Bank shall not re-issue bank notes which are torn,
Re-issue of notes. defaced or excessively soiled, and any
 Report para. 155. bank note re-issued from any office of the
 Bank shall be sterilized and disinfected.
 before re-issue.

25. Notwithstanding anything contained in any enactment or
Recovery on notes lost, rule of law to the contrary, no person shall
 stolen, mutilated or of right be entitled to recover from the
 imperfect Bank the value of any lost, stolen, mutilat-
 ed or imperfect bank note;

Provided that the Bank may, with the previous sanction of the Governor General in Council, prescribe the circumstances in and the conditions and limitations subject to which the value of such bank notes may be refunded as of grace.

*Prohibition of issue of private bills or notes payable
to bearer on demand.*

26. No persons in British India other than the Bank or, as
Issue of demand expressly authorised by this Act, the
bills and notes Governor General in Council shall draw,
accept, make or issue any bill of exchange, hundi, promissory note or
engagement for the payment of money payable to bearer on demand,
or borrow, own or take up any sum or sums of money on the bills,
hundis or notes payable to bearer on demand of any such person ;

Provided that cheques or drafts payable to bearer on demand or
otherwise may be drawn on bankers, shroffs or agents by their custo-
mers or constituents in respect of deposits of money in the hands of
those bankers, shroffs or agents and held by them at the credit and
disposal of the persons drawing such cheques or drafts.

27. (1) Any persons contravening the provisions of section 26
Penalty. shall, on conviction by a Presidency Magis-
trate or a Magistrate of the first class, be punishable with a fine equal
to the amount of the bills, hundi, note or engagement in respect
whereof the offence is committed.

(2) No pro-secution under this section shall be instituted extept
on complaint made by the Bank.

Assets of the Issue Department.

28. (1) The Reserve shall consist of gold coin, gold bullion,
The Reserve. gold securities, rupee coin and rupee
Report para. securities to such aggregate amount as is
145. not less than the total of the Issue Depart-
ment as hereinafter defined.

(2) Of the total amount of the Reserve not less than two-fifths
shall consist of gold coin, gold bullion or gold securities ;

Provided that the amount of gold bullion shall not at any time be less than three hundred million rupees in value and shall not be less than one-fifth of the total amount of the Reserve after the end of the fifth year, or than one-quarter of the total amount of the Reserve after the end of the tenth year, from the date on which this Chapter comes into force.

(3) The remainder of the Reserve shall be held in rupee coin, Government of India rupee securities of any maturity and such bills of exchange and promissory notes drawn and payable in British India as are eligible for purchase by the Bank under sub-clause (a) or sub-clause (b) of clause (2) of section 14 or under section 15 :

Provided that the amount held in rupee coin shall not exceed—

(a) during the three years after the date on which this Chapter comes into force, seven hundred million rupees.

(b) during the next three years, five hundred million rupees,

(c) during the next four years, three hundred and fifty million rupees, and

(d) two hundred and fifty million rupees thereafter,

or one-tenth of the total amount of the Reserve, whichever amount is greater :

Provided further that the amount held in Government of India rupee securities shall not at any time exceed one-fourth of the total amount of the Reserve or five hundred million rupees, whichever amount is less.

(4) For the purposes of this section, gold coin and gold bullion shall be valued at 8.47512 grains of fine gold per rupee, rupee coin shall be valued at its face value, and gold and rupee securities shall be valued at the market rate for the time being obtaining.

(5) Of the gold coin and gold bullion held in the Reserve not less than one-half shall be held in British India, and all gold and

gold bullion forming part of the Reserve shall be held in the custody of the Bank or its agencies :

Provided that gold belonging to the Bank which is in any other bank or in any mint or in transit may be reckoned as part of the Reserve.

(6) For the purposes of this section, the gold securities which may be held as part of the Reserve shall be securities of any of the following kinds payable in the currency of any gold standard country, namely :—

- (a) balances at the credit of the Issue Department with a bank which is the principal currency authority under the law for the time being in force of such country ;
- (b) bills of exchange bearing two or more good signatures and drawn on and payable at a place in any such country and having a maturity not exceeding ninety days :
- (c) securities of the Government of any such country maturing within five years ;

Provided that, for a period of two years from the date on which this Chapter comes into force, any of such securities may be securities maturing after five years and the Bank may at any time before the expiry of that period dispose of such securities notwithstanding anything contained in section 14.

Liabilities of the Issue Department.

29. (1) The liabilities of the Issue Department shall be an amount equal to the total of the amount of Liabilities. the currency notes of the Government of Report para. 146. India and bank notes for the time being in circulation and of an initial amount of five hundred million rupees for the purpose of providing for rupee redemption, which last-mentioned amount shall be reduced by one rupee for every five rupees delivered to the Governor-General in Council under the provisions of section 31, and shall be

increased by one rupee for every five rupees received from him under section 32.

(2) For the purposes of this section, any currency note of the Government of India or bank note which has not been presented for payment within forty years from the 1st day of April following the date of its issue shall be deemed not to be in circulation, and the value thereof shall, notwithstanding anything contained in sub-section (2) of section 20, be paid by the Issue Department to the Governor-General in Council or the Banking Department, as the case may be ; but any such note, if subsequently presented for payment, shall be paid by the Banking Department, and any such payment in the case of a currency note of the Government of India shall be debited to the Governor-General in Council.

Initial Assets and Liabilities.

30. On the date on which this Chapter comes into force, the Transfer of assets and liabilities to the bank. Issue Department shall take over from the Governor General in Council the liability for all the currency notes of the Government of India for the time being in circulation, and the Governor General in Council shall transfer to the Issue Department gold coin, gold bullion, gold securities, rupee coin and rupee securities to such aggregate amount as is equal to the total of the amount of the liability so transferred and of a sum of five hundred million rupees. The coin, bullion and securities shall be transferred in such proportion as to comply with the requirements of section 28 :

Provided that the total amount of the gold coin, gold bullion and gold securities so transferred shall not be less than one-half of the whole amount transferred.

Supply of coin, and of different forms of legal tender currency.

31. The Bank may deliver to the Governor General in Council Delivery to Government all rupee coin held by it in excess of the surplus rupee coin. amount which the Issue Department is per- of Report para. 147.

mitted to hold as part of the Reserve under section 28, against payment of four rupees in bank notes, gold or gold securities for every five rupees so delivered.

32. When the amount of rupee coin for the time being held in Purchase of rupee coin. the Reserve does not exceed two hundred Report para. 147.

and fifty millions or one-tenth of the total amount of the Reserve whichever is greater, the Bank may demand delivery of rupee coin from the Governor General in Council, on payment of four rupees in bank notes, gold or gold securities for every five rupees so delivered.

33. The Governor General in Council shall undertake not to Obligations of Govern- re-issue any rupee coin delivered under ment and bank in respect section 31 nor to put into circulation any of rupee coin. Report para. 148. new rupees, except through the Bank and on the Bank's demand; and the Bank shall undertake not to dispose of rupee coin otherwise than for the purposes of circulation or by delivery to the Governor General in Council under that section.

34. The Bank shall issue rupee coin on demand in exchange for Obligation to supply different forms of currency. currency notes of the Government of India, and shall issue currency notes or bank notes on demand in exchange for rupee coin, and it shall, in exchange for currency notes or bank notes of five rupees or upwards, supply currency notes or bank notes of lower value or rupees or other coins which are legal tender under the Indian Coinage Act, 1906, in such quantities as may, in the opinion of the Bank, be required for circulation; and the Governor General in Council shall, subject to the provisions of section 32, supply such rupees or other coins to the Bank on demand. If the Governor General in Council at any time fails to discharge this duty, the Bank shall be released from its obligation to supply such coins to the public.

Obligation to sell gold.

35. (1) The provisions of this section shall have effect from such Sale of gold. date, not later than the 1st day of January, Report para 150. 1913, as the Governor General in Council may, by notification in the Gazette of India, appoint.

(2) The Bank shall sell, to any person who makes a demand in that behalf at its office at Bombay, Calcutta or Madras and pays in legal tender currency the purchase price as determined under the provisions of this section, gold bullion for delivery, at the option of the purchaser, either in Bombay or at such place in a gold standard country as may be notified in this behalf by the Governor General in Council :

Provided that no person shall be entitled to demand an amount of gold bullion containing less than 1,065 tolas of fine gold.

(3) The price of gold bullion for delivery at the notified place shall be twenty-one rupees, three annas and ten pies per tola of fine gold with the addition of an amount representing the normal cost per tola of transferring gold bullion in bulk from Bombay to that place, including interest on its value during transit.

(4) The price of gold bullion for delivery in Bombay shall be twenty-one rupees, three annas and ten pies per tola of fine gold with an addition representing twice the normal cost per tola of transferring gold bullion in bulk from Bombay to the notified place, including interest on its value during transit :

Provided that no such addition shall be made when the rate at which the currency of the country in which the notified place is situate can be purchased in Bombay for immediate delivery at that place is such that the equivalent of the price at which the principal currency authority of that country is bound by law to give gold in exchange for currency is equal to or less than twenty-one rupees, three annas and ten pies per tola of fine gold after deduction of the normal cost per tola of transferring gold bullion in bulk from Bombay to the notified place, including interest on its value during transit.

(5) The Governor General in Council shall from time to time determine in accordance with the provisions of sub-sections (3) and (4) the prices at which the Bank shall sell gold bullion for delivery in Bombay and the notified place respectively, and shall notify the

prices so determined in the Gazette of India. Such notification shall be conclusive as between the Bank shall be entitled to charge in respect of any sale of gold bullion.

36. (1) The provisions of this section shall cease to have effect
Interim provision. on the date appointed by the Governor
Report para 166. General in Council under sub-section (1) of
section 35.

(2) The Bank shall sell, to any person who makes a demand in that behalf at its office at Bombay, Calcutta or Madras and pays the purchase price in legal tender currency, at a rate equivalent to twenty-one rupees, three annas and ten pies per tola of fine gold, the currency of such gold standard country as may be notified in this behalf by the Governor General in Council in the Gazette of India, for immediate delivery in that country :

Provided that no person shall be entitled to demand an amount of currency of less value than that of 1,065 tolas of fine gold.

(3) For the purpose of determining the equivalent rate applicable to the sale of currency under this section, twenty-one rupees, three annas and ten pies shall be deemed to be equivalent to such sum in that currency as is required to purchase one tola of fine gold in that country at the rate at which the principal currency authority of that country is bound by law to give gold in exchange for currency, after deduction therefrom of an amount representing the normal cost per tola of transferring gold bullion in bulk from Bombay to that country, including interest on its value during transit.

(4) The Governor General in Council shall from time to time determine the equivalent rate in accordance with the provisions of sub-section (3), and shall notify the rate so determined in the Gazette of India.

Obligation to buy gold.

37. The Bank shall buy, from any person who makes a demand in
Obligation of bank to that behalf at its office in Bombay, Calcutta
buy gold. or Madras, gold bullion for delivery in
Report para. 151. Bombay at the rate of twenty-one rupees,

three annas and ten pies per tola of fine gold, if such gold is tendered in the form of bars containing not less than 1,065 tolas of fine gold:

Provided that the Bank shall be entitled to require such gold bullion to be melted and assayed, of the person tendering the bullion.

Suspension of Reserve requirements and tax on note issue.

38. (1) The Bank may with the previous sanction of the Suspension of Reserve Governor General in Council, for periods requirements, not exceeding thirty days in the first

Report para. 153. instance, which may, with the like sanction, be extended from time to time be periods not exceeding fifteen days, hold in the Reserve gold coin, gold bullion or gold securities of less aggregate amount than that required by sub-section (2) of section 28 and, whilst the holding is so reduced, the proviso to that sub-section shall cease to be operative.

(2) In respect of any period during which the holding of gold coin, gold bullion and gold securities is reduced under sub-section (1), the Bank shall pay to the Governor General in Council a tax upon the amount by which such holding is reduced below the minimum prescribed by sub-section (2) of section 28; such tax shall be payable at the bank rate for the time being in force, with an addition of one per cent per annum when such holding exceeds thirty-two and a half per cent. of the total amount of the Reserve and of a further one and a half per cent. per annum in respect of every further decrease of two and a half per cent. or part of such decrease.

Provided that the tax shall not in any event be payable at a rate less than six per cent. per annum.

39. Save as provided by section 38 the Bank shall not be Bank exempt from fur- liable to the payment of any stamp duty or ther note tax. other duty or tax in respect of bank notes
Report para. 154,
issued by it.

Duration of the privilege of note issue.

40. If at any time the Bank fails to comply with any provi-

Powers of Government in respect of note issue and assets of the Bank in certain circumstances.
Report para. 141.

sion of this Chapter or with any other provision of this Act, the Governor General in Council may, by notification in the Gazette

of India, declare that the Bank has forfeited the right of note issue, and shall thereupon take over the liabilities of the Issue Department together with such portion of the assets of the Bank as is required to meet such liabilities, and thereafter the business of the Issue Department shall be carried on in the manner prescribed by this Act by such agency as the Governor General in Council may determine.

Cash reserves to be maintained by banks.

41. (1) Every bank mentioned in the First Schedule which

Cash reserves of certain banks to be kept with the Bank.
Report para. 167.

transacts business in India shall maintain a minimum balance with the Bank equal to seven and one half per cent. of the demand liabilities and two and one half per cent. of the time liabilities of such bank to the public in India.

(2) Every such bank shall send to the Governor General in Council and to the Bank a monthly return signed by two responsible officers of such bank, showing—

(a) the amounts of its demand and time liabilities respectively to the public in India,

(b) the total amount held in India in currency notes of the Government of India and bank notes,

(c) the amounts held in India in rupee coin and subsidiary coin respectively,

(d) the amounts of advances made and of bills discounted in India respectively, and

(e) the balance held at the Bank,
at the close of the month to which the return relates.

(3) Every such return shall be sent not later than fourteen days after the close of the month to which it relates and shall state whether the bank has during that month maintained with the Reserve Bank the minimum balance required by sub-section (1).

(4) A summary of the monthly return of each bank shall be published in the Gazette of India.

(5) Any bank failing to comply with the provisions of sub-section (2) or sub-section (3) shall be liable, on application made by or on behalf of the Governor-General in Council to the principal Civil Court having jurisdiction in a place where an office of the bank is situated, to a penalty of one hundred rupees for each day during which the failure continues.

(6) When it appears from any such monthly return or from a report of the Board that any bank has failed to maintain the minimum balance required by sub-section (1), the Governor General in Council may call for such further return, or make such inspection of the books and account of the bank in default, as may be necessary to ascertain the amount of the deficiency and the period during which it has continued; and the bank so in default shall be liable, on application made by or on behalf of the Governor General in Council to the principal Civil Court having jurisdiction in a place where an office of the bank is situated, to a penalty at a rate per annum which shall be three per cent. above the bank rate on the amount of the deficiency for each day during which the default has continued, and shall be raised to five per cent. above the bank rate after the seven days of the deficiency.

(7) The Governor General in Council may, by notification in the Gazette of India, make such additions to or other alterations in the First Schedule as he thinks fit.

Agreement with the Imperial Bank of India.

24. The Bank shall enter into an agreement with the Imperial Bank of India which shall be subject to the approval of the Governor General in Council and shall be expressed to come into force on the date on

which this Chapter comes into force and to remain in force for twenty-five years and shall further contain the provisions set forth in the Second Schedule.

CHAPTER IV.

GENERAL PROVISIONS.

Reserve Fund and allocation of surplus.

43. After making provision for bad and doubtful debts, depreciation in assets, contributions to staff and superannuation funds, and such other contingencies as are usually provided for by bankers, and after payment out of the net annual profits of the Bank of a dividend at the rate of five per cent, per annum on the capital, one-half of the surplus shall be allocated to a Reserve Fund, until such Reserve Fund is equal to one-half of the capital, and the remaining one-half shall be paid to the Governor General in Council. Thereafter, until the Reserve Fund is equal to the capital, one twentieth of the surplus or three per cent, on the capital, whichever is less, shall be paid to the shareholders, one-tenth of the surplus shall be allocated to the Reserve Fund, and the balance shall be paid to the Governor General in Council. When the Reserve Fund is equal to the capital, one-twentieth of the surplus or three per cent, on the capital, whichever is less, shall be paid to the shareholders and the balance shall be paid to the Governor General in Council ;

Provided that, until the Reserve Fund is equal to the capital, five million rupees of the surplus, or the whole surplus if it is less than that amount, shall be allocated to the Reserve Fund.

Bank rate.

44. The Bank shall make public from time to time the Publication of Bank minimum rate at which it is prepared to rate. buy or rediscount bills of exchange or other Report para. 158. commercial paper eligible for purchase under this Act.

Audit.

45. (1) Not less than two auditors shall be elected and their remuneration fixed at the annual general meeting. The auditors may be share-holders, but no Director or other officer of the Bank shall be eligible during his continuance in office. Any auditor shall be eligible for re election on quitting office.

(2) The first auditors of the Bank may be appointed by the Board before the first annual general meeting and, if so appointed, shall hold office only until that meeting. All auditors elected under this section shall severally be and continue to act as auditors until the first annual general meeting after their respective elections.

Provided that any casual vacancy in the office of any auditor elected under this section may be filled by the Board.

46. Without prejudice to anything contained in section 45, the Governor General in Council may at any time appoint such auditors as he thinks fit to examine and report upon the accounts of the Bank.

47. (1) Every auditor shall be supplied with a copy of the annual balance-sheet and it shall be his duty to examine the same, together with the accounts and vouchers relating thereto; and every auditor shall have a list delivered to him of all books kept by the Bank, and shall at all reasonable times have access to the books, accounts and other documents of the Bank, and may, at the expense of the Bank if appointed by it or at the expense of the Governor General in Council if appointed by him, employ accountants or other persons to assist him in investigating such accounts, and may, in relation to such accounts, examine any Director or officer of the Bank.

(2) The auditors shall make a report to the shareholders or to the Governor General in Council, as the case may be, upon the annual balance-sheet and accounts, and in every such report they shall state whether, in their opinion, the balance-sheet is a full and fair balance-

sheet containing all necessary particulars and properly drawn up so as to exhibit a true and correct view of the state of the Bank's affairs, and, in case they have called for any explanation or information from the Board, whether it has been given and whether it is satisfactory. Any such report made to the shareholders shall be ready together with the report of the Board at the annual general meeting.

Returns.

48, (1) The Bank shall prepare and transmit to the Governor General in Council a weekly account of the Issue Department and of the Banking Department in the Form set out in the Third Schedule or in such other Form as the Governor General in Council may, by notification in the Gazette of India, prescribe. The Governor General in Council shall cause these accounts to be published weekly in the Gazette of India.

(2) The Bank shall also, within two months from the date on which the annual accounts of the Bank are closed, transmit to the Governor General in Council a copy of the annual accounts signed by the Governor Deputy Governor and the Chief Accounting Officer of the Bank; and certified by the auditors, and the Governor General in Council shall cause such accounts to be published in the Gazette of India.

(3) The Bank shall also, within two months from the date on which the annual accounts of the Bank are closed, transmit to the Governor General in Council a statement showing the name, address and occupation of, and the number of shares held by, each shareholder of the Bank.

Liquidation.

49. (1) Nothing in the Indian Companies Act 1913, shall apply to the Bank, and the Bank shall not be placed in voluntary or compulsory liquidation save with the sanction of the Governor General in Council and in such manner as he may direct.

Provision regarding application of Act VII of 1913 and liquidation. VII of 1913.

(2) In such event the Reserve Fund and surplus assets, if any, of the Bank shall be divided between the Governor General in Council and the shareholders in the proportion of sixty per cent, and forty per cent. respectively.

Regulations.

50. (1) The Board may, with the previous sanction of the Governor General in Council, make regulations consistent with this Act to provide for all matters for which provision is necessary or convenient for the purpose of giving effect to the provisions of this Act.

Power of the Board to make regulations.
Report para. 146.

(2)—In particular and without prejudice to the generality of the foregoing provision, such regulations may provide for all or any of the following matters, namely :—

- (a) the maintenance of the share register, the manner in which and the conditions subject to which shares may be held and transferred, and, generally, all matters relating to the rights and duties of shareholders ;
- (b) the manner in which general meetings shall be convened and the procedure to be followed thereat ;
- (c) the manner in which elections of Directors shall be held ;
- (d) the manner in which the business of the Board shall be transacted, and the procedure to be followed at meetings thereof ;
- (e) the establishment of Local Boards and the delegation to such Boards of powers and functions ;
- (f) the constitution and management of staff and superannuation funds for the officers and servants of the Bank ;
- (g) the manner and form in which contracts binding on the Bank may be executed ;

- (h) the provision of an official seal of the Bank and the manner and effect of its use ;
- (i) the manner and form in which the balance sheet of the Bank shall be drawn up, and in which the accounts shall be maintained ,
- (j) the manner in which notices may be served on behalf of the Bank upon shareholders or other persons ,
- (k) the circumstances in which and the conditions and limitations subject to which the value of any lost, stolen, mutilated or imperfect currency note of the Government of India or bank note may be refunded , and
- (l) generally for the efficient conduct of the business of the Bank.

Amendments and repeal.

51. In the Indian Coinage Act, 1906,—

Amendment of Act III
of 1906.
Report para 66.
III of 1906.

(a) for section 11 the following section shall be substituted, namely,—

“ 11. Gold coins, whether coined at His Majesty's Royal Mint in England or at any mint established in pursuance of a proclamation of His Majesty as a branch of His Majesty's Royal Mint, shall not be legal tender in British India in payment or on account, but such coins shall be received by the Reserve Bank of India at its offices and agencies in India at the bullion value of such coins calculated at the rate of 8.47512 grains troy of fine gold per rupee,” and

(b) the word “ and ” at the end of clause.

(d) of sub-section (2) of section 21 and clause.

(e) of that sub-section shall be omitted.

52. The Indian Paper Currency Act, 1923, is hereby repealed.

Repeal of Act X of
1923.

X of 1923.

THE FIRST SCHEDULE.

[See sections 14 (4) (e) and 41.]

SCHEDULE OF BANKS.

1. Imperial Bank of India.
2. Allabad Bank.
3. Bank of Baroda.
4. Bank of India.
5. Central Bank of India.
6. Indian Bank.
7. Punjab National Bank.
8. Chartered Bank of India, Australia and China.
9. Eastern Bank.
10. Grindlay and Company.
11. Hongkong and Shanghai Banking Corporation.
12. Imperial Bank of Persia.
13. Lloyds Bank.
14. Mercantile Bank of India.
15. National Bank of India.
16. P. and O. Banking Corporation.
17. Thomas Cook & Son.
18. American Express Company Incorporated.
19. National City Bank of New York.
20. Banco National Ultramarino.
21. Comptoir National d'Escompte de Paris.

- 22. Nederlandsce Handel-Maatschappij.
- 23. Nederlandsce Indische Handelsbank.
- 24. Sumitomo Bank,
- 25. Bank of Taiwan.
- 26. Yokohama Specie Bank.

THE SECOND SCHEDULE.

(See section 42.)

Provisions to be contained in the agreement between the Reserve Bank of India and the Imperial Bank of India.

1. The Imperial Bank of India shall be the sole agent of the Reserve Bank of India at all places in British India where there is a branch of the Imperial Bank of India and no branch of the Reserve Bank of India ,

2. In consideration of; the performance by the Imperial Bank of India on behalf of the Reserve Bank of India of the functions which the Imperial Bank of India was performing on behalf of the Governor-General in Council at the places referred to in clause I before the coming into force of the Reserve Bank of India Act, 1927, the Reserve Bank of India shall pay to the Imperial Bank of India a commission calculated on the total of the receipts and disbursements dealt with annually on account of Government by the Imperial Bank of India on behalf of the Reserve Bank of India. Such commission shall be one-sixteenth of one per cent. on the first 250 crores of such total and one-thirty-second of one per cent. on the remainder.

3. Subj : The condition that the Imperial Bank of India shall keep open branches not less in number than those existing at the time coming into force of the Reserve Bank of India Act, 1927, the Reserve Bank of India shall allow the following balances to the Imperial Bank of India at the interest rates hereinafter specified, namely :—

- (a) during the first five years—3 crores free of interest ;
- (b) during the second five years—2 crores free of interest and, at the option of the Imperial Bank of India, an amount not exceeding 1 crore at 2 per cent. per annum ,
- (c) during the third five years—1 crore free of interest and, at the option of the Imperial Bank of India, an amount not exceeding 2 crores at 2 per cent. per annum , and
- (d) during the last 10 years—at the option of the Imperial Bank of India, an amount not exceeding 3 crores at 2 per cent. per annum,

4. The Imperial Bank of India shall not without the approval of the Reserve Bank of India open any branch in substitution for a branch existing at the time this agreement comes into force.

5. For each new branch opened by the Imperial Bank of India with the approval of the Reserve Bank of India in addition to the branches already opened when this agreement comes into force the Imperial Bank of India shall be allowed the following balances free of interest for each branch so opened, namely :—

- (a) during the first five years—3 lakhs, and
- (b) during the second five years—2 lakhs.

THE THIRD SCHEDULE.

(See section 48.)

RESERVE BANK OF INDIA.

As Account pursuant to the Gold Standard and Reserve Bank of India Act, 1927, for the week ending on the day of

Issue Department.

<i>Liabilities.</i>	<i>Assets.</i>
Rs.	Rs.
Bank Notes held in the Banking Department . . .	Rupee coin
Bank Notes in circulation	Government of India rupee securities.

Total Bank Notes .

issued. . . Internal Bills of Exchange and other
commercial paper . . .

Government of India--

Notes in circulation Gold securities

Rupee redemption. Gold coin or bullion

_____	_____
_____	_____
_____	_____

- Ratio of gold and gold securities to liabilities, per cent.

Dated the day of 19 .

Banking Department.

*Liabilities.**Assets.*

	Rs.		Rs.
Capital paid up . . .	Notes.		
Reserve Fund . . .	Rupee coin		
Deposits--	Subsidiary coin		
(a) Government .	Bills discounted--		
(b) Banks . . .	(a) Internal		
(c) Others . . .	(b) External		
Bills payable . . .	(c) Government of India Treasury		
	Bills		
Other liabilities. . .	Balances held abroad		
	Loans and advances to the Govern-		
	ment		
	Other Loans and Advances		
	Investments		
	Other Assets		
	_____		_____
	_____		_____

Dated day of 19 .

STATEMENT OF OBJECTS AND REASONS.

The object of this Bill is to give effect to the recommendations of the Royal Commission on Indian Currency and Finance for the establishment of a Gold Standard for India and for constituting a Reserve Bank of India to control the working of that Standard. The various clauses of the Bill are briefly explained below.

Clause 1.—It is proposed to give the Bank the sole right of note issue for a period of twenty-five years in the first instance subject to renewal as recommended in paragraph 141 of the Commission's report. The provision that the Act shall come into force not later than 1st January, 1929, is based upon the time-table recommended by the Commission in paragraph 165 of the report.

Clause 3.—The name, the Reserve Bank of India is that suggested in paragraph 92 of the report.

Clause 4.—The Commission recommend that the capital of the Bank should be Rupees five crores fully paid up, and that the Imperial Bank's shareholders should be given the first opportunity of subscribing for the capital stock of the Bank as consideration for foregoing important privileges which the Imperial Bank now enjoys. A clear-cut division of functions between the Reserve Bank of India and the Imperial Bank of India is the essence of the proposal creating a Reserve Bank and, if avoidable, it is undesirable to give the shareholders of the Imperial Bank of India a preponderant voice in deciding the currency policy of the Reserve Bank. It is, therefore, proposed in this clause to give the Imperial Bank of India as an institution and not to its individual shareholders the option of subscribing thirty per cent. of the capital. It will be open to the Imperial Bank to distribute the allotment among its shareholders if it so desires. The Central Board of the Imperial Bank of India has expressed its willingness in principle, in view of the other terms proposed to be given to the Imperial Bank, to recommend this proposal for the acceptance of the shareholders.

It is necessary that the Government should be prepared to take up any unallotted shares, but it is not desirable that these should continue to be held permanently by them. It is, therefore, proposed

that the Governor General in Council should dispose of any unallotted shares taken up by him within three years.

Clause 5.—This is based on paragraph 101 of the Commission's report. It is necessary to make provision for the contingency of a reduction of the share capital in regard to which the Commission have made no recommendation.

Clause 6.—The Head Office of the Bank will be located in Bombay as recommended by the Commission in paragraph 97 of the report.

Clause 8.—This gives effect to the recommendations in paragraphs 95 and 96 of the report.

Clause 9.—This is based on paragraph 94 of the Commission's report. The Commission recommend therein that the Reserve Bank should have Local Boards in Bombay, Madras and Calcutta, and that representatives from these Boards should constitute a majority on the Central Board. It is considered undesirable for various reasons to base the constitution of the Central Board on a system of local Boards. If the Local Boards are dispensed with, it is necessary that shareholders as a body should elect those Directors who are not appointed by the Government.

As regards nominated Directors, it is considered desirable in order that all interests may be represented that the three Directors nominated by Government should represent Commerce, Industry and Agriculture, respectively. The term of office of nominated Directors is proposed by the Commission to be fixed at one year which is too short to conduce to efficient work. It is, therefore, proposed to extend it to three years.

Clause 10.—It is provided in this clause that the Governor, Deputy Governor or any nominated Director may be removed by the Governor General in Council if a resolution to that effect is passed by a majority of the Board consisting of not less than nine Directors that is by a substantial majority of the Board.

The provision for the removal of elected Directors follows the lines of a similar provision in the Imperial Bank of India Act. It

seems undesirable that elected Directors should be removable by a bare majority at a general meeting.

Clause 11. As there may be no Local Board at Calcutta, it is desirable to provide that the Central Board shall meet in Calcutta at least once in every four months.

Clause 12. This gives effect to the recommendations in paragraph 98 of the Commission's report.

Clause 13. This is based upon similar provision in section 30 of the Imperial Bank of India Act. It is necessary to make special provision for the formation of the first Board.

Clauses 14 and 16. These embody the proposals in Schedule II to the report defining the functions and capacities of the Bank.

The Commission have not provided for the Reserve Bank receiving non-interest-bearing deposits from private persons. It is considered that like most other Central Banks in the world the Reserve Bank of India should also be allowed to receive deposits from private persons provided no interest is paid.

The financing of industry and the movement of crops in India is carried on by cash credits and as provision recommended by the Commission stands it will be difficult for the Reserve Bank to assist other banks in providing necessary credit without some considerable changes in banking methods. It is, therefore, proposed in sub-clause (4) (e) that for a period of five years the Bank should be authorised to advance money against promissory notes of scheduled banks under certain conditions.

It is considered undesirable to limit the amount of securities held at any time in the Banking department to so low a figure as 25 per cent. of the liabilities as recommended by the Commission in clause 3 (d) of Schedule II to their report, as in view of the very fluctuating nature of deposits the limitation might force the sale of securities merely to bring the Bank within the provisions of its charter for a few days.

Clause 25.—This is based upon a similar provision in the Indian Paper Currency Act, 1923, and is necessary to protect the Bank against civil action in respect of notes lost, stolen, mutilated or imperfect.

Clauses 26 and 27.—These are based upon a similar provision in the Indian Paper Currency Act, 1923.

Clause 28.—This gives effect to the recommendations in paragraph 145 of the Commission's report regarding the constitution of the Reserve.

Clause 29.—This gives effect to the recommendations in paragraph 146 of the Commission's report defining the liabilities of the Issue Department.

The provision in sub-clause (2) of this clause is similar to that in the proviso to sub-section (6) of section 18 of the Indian Paper Currency Act, 1923, although it differs in detail. Under the Indian Paper Currency Act, 1923, notes of denominational value exceeding rupees one hundred cannot be deemed to be not in circulation until 100 years after the date of issue, whereas notes of lower denominations are so deemed after 40 years. This distinction between the higher and the lower denominations of notes is undesirable. In practice, notes of higher denomination are much less likely to be outstanding for a very long period than notes of lower denomination, and the practice at the Bank of England is to treat all notes as not in circulation after 40 years. It is considered that the Reserve Bank might with advantage follow the practice of the Bank of England.

Clause 30.—This is based upon paragraph 144 of the report. The Commission recommend that coin and bullion and securities to be transferred to the Issue Department should be specified in a Schedule. The amount of notes in circulation at the time of inauguration of the Bank will not be known when the Bill is introduced and passed and also between the dates of introduction of the Bill and its passing into law and the inauguration of the Bank, there will be changes in the constitution of the reserve held against note issue. It is, therefore, proposed to provide for the transfer to the Bank of assets of such a

nature as to enable the Bank to constitute the Reserve in accordance with the requirements laid down in the Act. In order to give the new Bank the necessary margin over minimum requirements, it is proposed to include in the assets transferred, gold and gold securities equal to one-half of the liabilities of the Issue Department as suggested in clause 3 (a) of Schedule III to the report.

Clause 31. This gives effect to the recommendations in paragraph 147 of the report regarding the disposal of surplus rupees by the Bank.

Clause 32. This gives effect to the recommendations in paragraph 147 of the report. As it would be uneconomical to coin new rupees until the stock of silver rupees in the Reserve is reduced, to the minimum of 25 crores or one-tenth of the total amount of the Reserve, whichever is greater, it is proposed to limit the right of the Bank to demand delivery of rupee coin from Government.

The Commission recommend in clause 7 (a) of Schedule II to the report that the paid-up capital and reserve may be invested in securities of the Government of India having not more than five years to run. In view of the fact that the Government of India are now funding their short term loans into long term loans the limitation of maturity to five years might unduly restrict the power of the Bank to invest in such securities after a few years. It is, therefore, proposed to modify the provision so as to permit of investment in Government of India securities of any maturity.

Clause 15. This gives effect to the recommendation in paragraph 102 of the report regarding operations in the open market.

*Clauses 17 and 18—*These give effect to the recommendations in paragraph 140 of the report regarding the relations of the Bank with the Government.

Clause 19. This gives effect to the recommendations in paragraph 141 of the report.

The Commission recommend that the right of note issue should be transferred to the Bank as soon as the Bank was in a position to

issue its own notes. It is not desirable to postpone the early functioning of the Bank till it is able to arrange for the manufacture and issue of its own notes, and it is, therefore, proposed to allow the Bank to issue notes of the Government of India for a year from the date on which the Bank takes over the control of the currency.

Clause 20. This gives effect to the recommendations in paragraph 143 of the report regarding the separation of the Banking and Issue Departments of the Bank.

Clause 21 This gives effect to the recommendations in paragraph 142 of the report; freedom is retained to postpone the issue of one rupee notes for a time if such postponement appears desirable. With reference to the size of the holding of silver rupees in the Reserve.

Clause 22 This gives effect to the recommendations in paragraph 155 of the report regarding the form and material of Bank notes.

Clause 23 This is based upon recommendation in paragraph 149 of the report that the notes of the Bank shall be legal tender for the payment of any amount and shall be guaranteed by the Government of India.

The Commission recommend in paragraph 141 of the report that not later than 5 years from the date of the Bank charter becoming operative the Government of India notes still outstanding should cease to be legal tender except at Government treasuries. By the end of 5 years very few Government of India notes will remain outstanding, and it is undesirable to take away the legal tender character of the note in the absence of any very definite advantage to be gained by so doing. It is, however, proposed to take power for the Governor General in Council and the Bank to call in notes of particular series, if necessity arises.

Clause 24 This is based on paragraph 155 of the Commission's report, regarding the re-issue of Bank-notes.

Clause 33.--This gives effect to the recommendations in paragraph 148 of the report regarding the mutual obligations of the Government and the Bank in regard to rupee coin.

Clause 34.—This gives effect to the recommendations in paragraph 152 of the report.

Clause 35.—This gives effect to the recommendations in paragraph 150 of the report regarding the sale of gold by the Bank.

The provision in sub-clause (1) regarding the latest date on which the obligation to sell gold should come into force is based upon the recommendation of the Commission in paragraph 165 of the report.

Clause 36.—This gives effect to the recommendations in paragraph 166 of the report. The Commission recommend that during the transition period the Reserve Bank shall be under an obligation to sell gold or gold exchange at its option. As the Bank will be engaged in building up its gold holding in order to be in a position to undertake the definite obligation to sell gold later, it is proposed to omit the option to sell gold during the interim period.

Clause 37.—This gives effect to the recommendations in paragraphs 151 and 166 of the Commission's report.

Clause 38.—This gives effect to the recommendations in paragraph 153 of the report regarding the suspension of Reserve requirements.

Clause 39.—This gives effect to the recommendations in paragraph 154 of the report regarding the exemption of the Bank from the payment of any tax or duty upon its note issue.

Clause 40.—The provisions in this clause are in accordance with the recommendations in paragraph 149 of the report. The Commission recommend that the Governor-General in Council should have the right to take over the assets of the Issue Department so far as they are required to meet the liability of the note or of rupee redemption. It is proposed to give the Governor-General in Council the right to take over the assets not only of Issue Department but of the Banking Department as well, as in theory such a necessity might arise if the Bank failed to keep sufficient assets in the Issue Department. A

provision is also made for the carrying on of the note issue in such circumstances by some other agency determined by the Governor-General in Council.

Clause 41.—This gives effect to the recommendations in paragraph 161 of the Commission's report with slight modifications. The percentages for minimum reserve balances recommended by the Commission appear somewhat high for India. It is, therefore, proposed to reduce these percentages to $7\frac{1}{2}$ and $2\frac{1}{2}$ per cent, of the demand and time liabilities, respectively.

The definition of "bank or banker" suggested in paragraph 162 of the Commission's report is imperfect, but it is difficult to arrive at any satisfactory definition. It is, therefore, proposed to exhibit in a Schedule attached to the Bill the banks to which the provisions in this clause should apply in the first instance and to give the Governor-General in Council power to make alterations in the Schedule later.

As the monthly return will show only the position at the close of the month to which it relates, it is necessary to provide for the receipt of the information mentioned in sub-clause (3) of this clause.

It is also necessary that provision should be made to enable the Government to take action not only on the monthly return submitted by the Bank, but also on any report received from the Board of the Reserve Bank.

Clause 42.—This follows the intention of paragraph 87 of the report.

Clause 43.—This is based upon the recommendations in paragraph 100 of the Commission's report. It is considered unnecessary to build up the Reserve Fund as quickly as the Commission suggest, and a lower rate of accumulation has, therefore, been proposed.

Clause 44.—This gives effect to the recommendations in paragraph 158 of the Commission's report.

Clause 45 to 47.—These give effect to the recommendations in paragraph 156 of the report.

Clause 48.—This gives effect to the recommendation in paragraph 157 of the report.

Clause 49.—It is necessary to make provision for the contingency of the liquidation of the Bank and the distribution of the Reserve Fund and surplus assets, of the Bank.

Clause 50.—This is based upon the recommendations in paragraph 164 of the report. The Commission proposed that the Governor General in Council should be given absolute power to make regulations. It is thought preferable that regulations should be made by the Board with the previous approval of the Governor General in Council.

Though Local Boards are not to be constituted on the creation of the Reserve Bank, it is proposed in sub-clause (2) (c) to give power to the Reserve Bank to establish such Local Boards if considered necessary later on and to delegate to them such powers and functions as may be desirable.

Clause 51.—The obligation proposed to be imposed on the Government by the Currency Bill to receive sovereigns and half-sovereigns from the public at their bullion value will be taken over by the Bank simultaneously with the transfer of the conduct of the note issue to it.

The Second Schedule. The provisions contained in this Schedule have been accepted by the Central Board of the Imperial Bank of India and will be placed before the shareholders of the Imperial Bank. The proposed terms will involve no fresh charge on the taxpayer. They are designed to remunerate the Imperial Bank of India for the agency work done for the Reserve Bank and the loss in respect of non-paying branches and to encourage the further extension of banking in India.

BASIL P. BLACKETT.

No. G. 965, Bombay, 11th May 1927.

**From Chamber to the Government of Bombay
Finance Department, Bombay.**

I am directed by the Committee of this Chamber to express to you their views hereby on the Gold Standard and Reserve Bank of India Bill, sent along with your letter of the 29th January 1927.

2. My Committee beg to express, in the beginning, their disapproval of the title of the Bill which, as stated in the Preamble, is "to establish a gold standard currency for India, etc." They cannot understand what is the exact meaning of a "*gold standard currency*." There is such a thing as a gold standard and a gold currency, but the coining of this new phraseology "a gold standard currency" is quite misleading, as what is proposed to be given in the Bill is neither a gold standard nor a gold currency. My Committee cannot, therefore, approve of the name selected by the Government for the Bill under reference. Ordinarily there may not be much objection to the selection of particular titles for any Bills, but with regard to this particular Bill the danger is that the public may be misled into thinking that the Bill is intended to provide both for a gold standard and a gold currency, while as a matter of fact it does neither.

3. My Committee are in favour of having a Central Reserve Bank, i. e., a Bankers' Bank, established in this country and recognise the desirability for the establishment of a Central Banking Institution which will take over all the functions now discharged by the Governor General in Council and the Secretary of State for India in London. The necessity has been recognised on all sides though the respective points of view from which the change is urged may be different. Granting, however, that the establishment of a Central Bank is essential, the next question is which form it should take. The following are the principal forms which are referred to by the Royal Commission ;—

- (a) The Imperial Bank may be entrusted with the Charter of the new Institution ;

- (b) A totally new institution called the Reserve Bank should be started ;

and

- (c) The Imperial Bank may remain a shareholders Bank but may be gradually decommercialised and converted into a Central Bank.

4. My Committee have considered all these suggestions but cannot approve of any of them for the following reasons :—

Taking the second suggestion first, my Committee are of opinion that there is no necessity for an entirely new organisation to be started. Establishment of such an institution will mean, under the clauses of the proposed Bill, that the Imperial Bank will be allowed to operate freely as a commercial Bank and to compete with other Indian Banks in all their fields of operation. If this is allowed to be done, indigenous banks with their comparatively small capital will have to compete with this State-aided concern, with the prestige of Bankers to Government, which it will still retain except in the three or four places where the Reserve Bank will have its own branches. Further, Government want to give it several lakhs of free deposits for every new branch that it may open. It is also to be given many lakhs a year as commission on turnover of Government funds. My Committee asked the Imperial Bank as to what this turnover was but unfortunately they did not choose to supply this information which would naturally be useful in considering the present reference. However, the amount to be received as such commission by the Imperial Bank will undoubtedly be very large now. No private Bank can hope to make any headway against this heavily subsidised institution with its huge resources. This must result in killing all banking enterprise in this country and is therefore a thing that should be avoided at all costs. The four leading indigenous banks have submitted an exhaustive Memorandum to Government on this subject and my Committee, therefore, do not dwell at further length upon it here.

5. With regard to the first suggestion, my Committee cannot

approve of it as they are opposed to the Central Bank being run on share capital as the Imperial Bank is at present. The Government have given it out that their scheme of a new Reserve Bank started with shareholders capital is tantamount to giving a sort of a financial Swaraj, to this country. It is surprising that such a contention should have been made at all, but it is one of the misfortunes of this country that such contentions with no basic foundation of truth gain credence in some quarters. It may not be generally realised that what is given by one hand may be snatched away by the other. There would be financial autonomy and self-government only if the real control passed into the hands of the people or their representatives. To start the Reserve Bank with a capital of 5 crores of rupees and to call it an institution which is designed to secure financial autonomy is thoroughly misleading, as the mere existence of a body of shareholders and the so-called elected of a few directors by them will not lead to the desired result and in practice the directors will be the persons put forward by the Managing Governor or the existing Boards as in the case of Joint Stock Companies. Nor will it justify the big claim put forward that it will secure financial self-government to the people. The real danger is that the power and patronage with regard even to the new Reserve Bank will remain in the hands of the Executive whose creatures the Directors will be. The Government show such an unctuous horror of any "political influence" over the Board that they have gone to the length even of recommending that members of the Legislature will be precluded from being directors. My Committee cannot, however, agree that the kind of Board proposed under the Bill will be a free and independent one. They will be under the influence of the Managing Director and therefore of the Government. Such a management is not desirable at all. My Committee consider that there is a good deal of analogy between what was known as the Company Management of Railways and the new form of management for the Reserve Bank recommended by the Government. Theoretically the Company management of Railways may have shown certain advantages, but practically it was seen that this particular form of management was taken advantage of by the Executive Government in disavowing any responsi-

over this anomalous situation that the principle of State Management of Railways was ultimately adopted by the Assembly. They hold that the control of the Legislature cannot be dispensed with in an institution with such enormous powers for good and evil as the Reserve Bank. If the Reserve Bank is constituted on lines chalked out in the Bill, the Executive Government will evade any interpellations or resolutions in the Assembly bearing upon the operations of the New Bank with the reply, as it was in the case of the Company Managed Railways, that Government are unable to interfere in the administration of a private institution. Just as my Committee were opposed to Railways which involve such huge interests of the country being managed and administered by private companies, they are still more opposed to an institution which will secure public funds to the tune of crores of rupees being practically owned and run by a private Board of Directors, as if it were an ordinary Joint stock company.

6. For these reasons, my Committee favour the idea of a Central Bank being established as a State Bank without share capital on the model of the Commonwealth Bank of Australia and do not approve even of the third suggestion that the Imperial Bank may remain a shareholders bank but may be gradually decommercialised and converted into a Central Bank. The new State Bank is to be entrusted with nearly 200 crores of the Assets of the Currency Department and some 15 to 20 crores of Government funds and my Committee do not think that such huge assets should be entrusted to the shareholders of a joint-stock company even if it is called into being under a special Act, or prescriptive rights created to whole or part of the earnings from use of such resources. The reason why my Committee recommend the institution of a State Bank is that such a Bank will at least carry out its duties as laid down by law and not over-ride the law as is now unfortunately done by Government. At the same time they consider that public interests will be duly safeguarded if the suggestions of my Committee as to the nomination of Directors from a panel elected of the Legislative Assembly as proposed by them in a succeeding paragraph are adopted.

7. My Committee believe that if their suggestions are accepted and put into effect, it will, be possible to establish a real State Bank which will not have any shareholders and which will not be thus under the influence of any vested interests. At the same time the responsibility of the Government will be there and the Legislative Assembly will have an ultimate controlling voice though it cannot nor is it necessary that it should interfere in the daily routine of the administration. My Committee cannot sympathise with the nervousness exhibited by the Royal Commission with regard to the so-called "political influence" and cannot therefore agree with their recommendation that "to eliminate the danger of political pressure being exercised upon the Boards of the Reserve Bank it is desirable to introduce a provision in its Charter directing that no person shall be appointed President or Vice President of a Local Board, or shall be nominated as a member of the Central Board, if he is a member of the Governor General's Council, the Council of State, the Legislative Assembly, or of any of the Provincial Governments, Legislative Councils". My Committee cannot believe that the men appointed to such Boards would try to exercise "political pressure". There are today on the Local Boards of the Imperial Bank and on its Central Board many members who are members of the Assembly or the Council of State, but there is, as far as my Committee know, not the least evidence that they have ever tried to exercise "political pressure" on the Bank. The restriction proposed to be put on such men will, on the contrary, keep out of the Directorate of the Reserve Bank and its Local Boards men of marked independence, public spirit and a knowledge of affairs and to that extent will, my Committee, believe, be a distinct disadvantage. My Committee, therefore, have recommended, as already referred to above, that the Directors should be nominated from a panel selected by the Assembly. They trust that this whole scheme of theirs will secure the approval of the Central Legislature. If, however, through some reasons which are not known at present, it fails to secure that approval, they urge that, in that case, the whole Bill should be dropped and the present system of financial administration of the country should be continued, as the handing over of it to a so-called shareholders Bank will be a most mischievous arrangement. My

Committee have already referred to the manner in which the financial administration of the country has been carried on by the Government and they may say that they have been on several occasions among the severest critics of the Government. If notwithstanding this they urge that the present system should be continued in preference to the one proposed by the Bill under reference if the scheme for a state Bank is not accepted, it means that they apprehend grave and serious consequences likely to result from the adoption of the latter scheme, if it is to be freed from all criticism and control of the Legislature as seems to be the intention. In order to avoid these consequences, they recommend that the present system should be continued in case their scheme of a State Bank is not carried through, as under the present system the Government are at least in theory responsible to the Legislature for all that they do, a control which they consider of paramount importance.

8. The State Bank which is proposed in the Bill need not be a new institution. My Committee consider that the Imperial Bank can be converted into a State Bank by Government buying out the present shareholders. The disadvantages of running the Imperial Bank as a separate institution side by side with the State Bank have already been referred to in paragraph 4 above and my Committee therefore are of opinion that the Imperial Bank itself should be converted into this State Bank.

9. The commercial business of the Imperial Bank may be expected, perhaps to present some difficulty. My Committee do not agree, however, with the view that is held in some quarters that the work of a State Bank is incompatible with commercial business. Such a view overlooks the special conditions of a mainly agricultural country like India. Even the Bank of France has several hundreds of branches and does a good deal of commercial work without its having been charged with inability to control the credit and currency situation in France. My Committee do not, therefore, suggest that the commercial business of the new State Bank which takes over the Imperial Bank should be stopped from the moment of its conversion into a State Bank, though in the interests of indigenous banking.

they recommend that its commercial business should be reduced gradually, first, in presidency towns and the larger commercial centres where other joint stock banks are already in existence, and in other towns as other joint stock banks are in a position to take up the ordinary commercial part of the business, so that after such period as may be necessary the State Bank may have no commercial business in these places and confine itself to the business laid down in the Charter.

10 My Committee do not recommend closing of the present branches of the Imperial Bank when it is taken up by the new Reserve Bank though it is said that there is a big loss on some of these branches, particularly the newer ones. My Committee asked for this information also from the Imperial Bank who however would not comply with the request. These branches no doubt play an important part in the development of the banking habit among the people but my Committee do not agree that further banking development can be brought about only through the instrumentality of the Imperial Bank. It is a mistake to consider that the very large areas that do not have a joint stock banking office to-day have no banking machinery. The fact is that the financing of business in all these areas is looked after by the indigenous bankers Shroffs, Marwaris, Chetties, etc. If the introduction of modern banking into all these areas is desired, it will have to be done by some cheaper machinery than that provided by the branches of the Imperial Bank. My Committee, therefore, suggest that the Reserve Bank may take over all the present branches and run them till the work can be taken up by indigenous banks. They also recommend that the authorities of the Reserve Bank should study whether further development of joint stock banking can usefully take place and then call for applications from indigenous banks to open branches in such places in consideration of offer of some interest-free deposits and agency work for the Reserve Bank and they feel confident there would be good response to such an offer.

11. Coming to the important question of the constitution of the Board of Directors, my Committee suggest that it should be

provided that 12 Directors shall be appointed by the Viceroy from a panel of 24 men elected by the elected members of the Legislative Assembly of whom not more than one-fourth shall be members of the Central Legislature. My Committee are of opinion that no person may be a director who is an officer of Government or a Director, officer or employee of another Bank. They are in favour of sub-section (1) (a) of Section 9 relating to the appointment of a Governor and a Deputy Governor of the State Bank.

12. My Committee are opposed to the principle enunciated by the Royal Commission in paragraph 161 of their Report that every banker transacting business with the Central Bank should be required to establish and maintain a minimum reserve balances with the Reserve Bank equal to 10 per cent of its or his demand-liabilities to the people in India and 3 per cent of its or his time-liabilities to the people in India. As Section 41 incorporates this principle of the Royal Commission, my Committee are opposed to it and suggest that it should be deleted altogether. An examination of the figures for the Exchange and Indian Banks with regard to the proportion of their cash against their deposits will show that all these banks already hold a much larger percentage of cash than is proposed by the Bill. Laying down, therefore, a lower statutory limit would only induce these Banks to consider the limit laid down by the Bill as a safe limit and may also be supposed to give a false and misleading idea to the public in general with regard to the safety of these Banks. The public may be led into supposing that those Banks which have fulfilled the statutory obligation are always "safe" whereas as a matter of fact it may not always be the case. Such reserves will also be of very little use to the banks concerned, because to take an instance, a Bank with 10 crores of current deposits would have to keep 75 lacs in the Reserve Bank, but if there is a run and one crore happens to be withdrawn only $7\frac{1}{2}$ lacs of the above can be used by it to meet such run as the balance of $66\frac{1}{2}$ lacs would be still needed as the "legal" reserve for the remaining deposits. The Banks therefore will have to lose a good deal of interest, as shown by the Memorandum submitted by some Banks jointly, and will not have, at the same time the assurance that in case of their need even their reserves

kept with the Central Bank will be of use to them, let alone any other extra assistance of the Central Bank. If a statutory limit is laid down and if there is a run upon the Scheduled Banks and they take away their reserves from the Central Bank they will be liable to a heavy penalty. My Committee are opposed, therefore, to Section 41.

13. The Bill makes it obligatory on the part of the Bank to satisfy Government requirements in London (Para 105). It also makes it obligatory on the Bank to sell gold on the prescribed conditions (Section 35 of the Bill). The Royal Commission recommended in paragraph 149 that the Governor General in Council may forfeit the privilege of Note Issue given to the Bank, whenever the Government guarantee becomes operative through the failure of the Bank to sell gold, unless such failure is caused, in the opinion of the Governor General in Council by an impediment due to *force Majeure*. The need for such a saving clause arose because the Commission conceived of a State Bank with its own capital, i.e., a joint-stock company. How difficult the position would be for such a company in the event of a prolonged Exchange stress like the one caused by the adjustment now to be brought about to the 15s. 6d. ratio, or by a freak of nature regarding future monsoons, when gold securities may be so depleted that the need for sterling borrowing may arise, could be readily imagined. If the Reserve Bank should fail to borrow sufficiently large amounts and on reasonable terms, the whole structure would tumble down. In fact it would be necessary for Government to pledge its own credit to such loans or actually to borrow on their own credit. This, in the opinion of my Committee, becomes an additional ground for objecting to the proposal for a Joint Stock Bank with private capital as it would have not only the custody of large funds in its hands in ordinary times, but in time of serious Exchange crisis it cannot by itself meet the requirements of the situation.

14. My Committee do not think it necessary to consider in detail the various provisions of the Bill, because if the principle is accepted that the new Reserve Bank should be not a shareholder's

Bank but a Bank owned entirely by the State and that it should take over the Imperial Bank, they feel that the Imperial Bank Bill will have to be dropped and the Reserve Bank Bill entirely recast. They, therefore, consider it premature to offer any remarks on the detailed provisions of the Bill at the present stage.

APPENDIX 30.

APPROVED LIST OF BANKS, FIRMS ETC., FROM WHOM THE IMPERIAL BANK OF INDIA MAY PURCHASE STERLING.

No—G 1528 27th July 1927.

**From Chamber to the Government of India Finance
Department, Simla.**

The attention of the Committee of this Chamber is drawn to the recent notice issued by the Controller of the Currency, Calcutta, regarding the purchase of Sterling in India by Public Tender. The Rule 3 of the notice states that: "Tenders will be received only from banks, firms and persons whose names have been placed on the approved list of banks, firms etc., from whom the Imperial Bank of India may purchase sterling on behalf of India." My Committee will be much obliged if the Government will be pleased to send a list of such approved banks, firms, etc., for their information.

Hoping to receive a favourable reply at your early convenience.

No. D/4079-F. dated 9th August 1927.

**From Government of India, Finance Department
to Chamber.**

With reference to your letter No. G. 1528., dated the 27th July 1927, I am directed to state that the Government of India regret

that a copy of the list referred to above cannot be supplied to you as it is intended for Departmental use only.

No. G. 1911, 30th August 1927.

From Chamber to the Government of India, Finance
Department, Simla.

I am directed to acknowledge receipt of your letter of the 9th August 1927, No. D/4079-F.

My Committee are sorry that the request made by them to the Government of India for a copy of the above list has not been acceded to by the Government. The object of my Committee in making this request was to prevent abuses that crept in at the time of the sale of Revenue Councils. A good deal of public irritation was caused at that time by the secrecy which surrounded those sales and later on by the disclosures which were made when the names of those who had purchased Revenue Councils were published. There is no necessity, my Committee feel, for creating a needless atmosphere of mystery round this transaction of the purchase of sterling and thereby arouse suspicions on the part of the public. Full light on all such methods of work would be rather the wisest thing to do for eliminating public suspicions and inspiring confidence.

My Committee trust that even now the Government of India will be pleased to reconsider their decision and send to them a copy of the list above referred to.

No. D/4529-F. Simla, 10th September 1927.

From Government of India Finance
Department to Chamber.

With reference to your letter No. G. 1911, dated the 30th August 1927, I am directed to state that the Government of India regret their inability to reconsider their decision in regard to your request for a copy of the list mentioned above.

APPENDIX 31.

BUDGET OF THE GOVERNMENT OF INDIA FOR
1927-28.

Dated 3rd March 1927.

Telegram from Chamber to Sir Purshotamdas Thakurdas,
Kt., New Delhi.

" Please convey following to Finance Department ;

Committee Indian Merchants' Chamber regret that Finance Member has used the Budget for propaganda in favour of 18d. Budget should have been based on 16d. and consequent deficit of 5 crores faced. Committee suggest suspension of debt redemption scheme for year or two and use of these funds to meet the deficit which Finance Member has threatened the country with. It would be thus possible to remit Provincial Contributions as proposed. Committee consider it wrong in principle to use revenue funds for capital purposes when further borrowing is resorted to and when new taxation would be otherwise imposed. Committee further suggest retaining old taxes on tea, motorcars and tyres and particularly protest against proposed removal of export duty on hides as destroying the newly created tanning industry. Committee amazed at quotation from Shroff reinforced by Finance Member's eulogy that 'current year was prosperous for trade. Shroff already disowned by his own fraternity. No proof of alleged prosperity visible except speculation in Government securities which if anything indicates depression in trade and industry. Committee would point out that appreciation of Rupee conceals increased expenditure of Central Government in last three years budgets for which would have shown deficits instead of surpluses if Indian demand for monetary reforms had been met. Committee condemn financial administration that shows 43 crores greater expenditure now than in 1916-17 in particular by

failure to reduce military to 50 crores as recommended by Inchoape Committee and suggest drastic general retrenchment if necessary through another Committee. Inchambu."

APPENDIX 32.

ENDORSEMENTS ON DEMAND DRAFTS BY BANKS.

No. D/961-A., Simla 16th May 1927.

From Government of India Finance Department
to Chamber.

I am directed to address you on the subject of affording banks in India the same measure of protection, as the law in England affords to bankers in England, as regards liability in respect of endorsements which are afterwards found to be forged or without authority.

2. The Bombay Chamber of Commerce, addressing the Government of India in the matter in April 1926, pointed out that, under the English law, banks are protected in respect of forged or unauthorised endorsements, not only of bills of exchange or cheques as defined in the Bills of Exchange Act, 1882, but also of demand drafts or orders which fall within the wider definition of the Stamp Act, 1853, and which include demand drafts drawn by another branch of the same bank, and that in British India, as the law at present stands, banks are protected against forged or unauthorised endorsements of cheques which would include demand drafts drawn upon them by *other* banks, but are not protected against forged or unauthorised endorsements of drafts upon them by their own branches. They accordingly suggested that steps should be taken to amend the Negotiable Instruments Act so as to bring it into line with the law in force in England. The Government of India however considered at that time that there was no reason for amending the Indian Law until it had been authoritatively interpreted in a way which denied protection and until it was clear that banks were likely to suffer to an appreciable degree therefrom.

3. The matter has recently been brought to the notice of Government by the Associated Chambers of Commerce of India and Ceylon who urge that "it is better to provide against a danger rather than to wait until it has been experienced disastrously". The following resolution which was carried unanimously at the eighth Annual General Meeting of the Associated Chambers held at Cawnpore on the 6th and 7th December 1926, has accordingly been submitted for the favourable consideration of the Government of India:—

"That this Association recommends that the Indian law governing endorsements on demand drafts drawn by one branch of a bank upon another branch of the same bank be amended so as to afford the same protection to bankers in India as the law in England affords to bankers in England".

4. I am to request that this Department may be favoured at an early date with an expression of the opinion of your Chamber on the question.

No. G, 1284; Bombay, 25th June, 1927,

**From Chamber to the Government of India Finance
Department Simla.**

I have the honour to acknowledge receipt of your letter No. D/961-A dated the 16th May last, which has received the careful attention of my Committee.

My Committee note the ground on which the Associated Chambers of Commerce urge the Government of India to take up the question of endorsements on Demand Draft by Banks. Whilst it may generally be conceded that "it is better to provide against a danger rather than wait until it has been experienced disastrously", my Committee feel that in this case the question for consideration of the Government is whether there is any danger involved at all in the Indian law as it stands at present. It would be instructive to know the opinions, of the various High Courts and Presidency Small Cause Courts with regard to the so-called danger referred to by the Associated Chambers of Commerce. My Committee understand that so far as the law is codified in respect of Negotiable Instruments, there

is no substantial difference in respect of forged or unauthorised endorsements between the English and the Indian Acts, because Section 60 of the Bills of Exchange Act, though a little wider, as it applies to all Bills of Exchange, is still, in substance, the same as Section 85 of the Indian Act, which applies only to cheques, but Bills of Exchange under Section 60 must also be drawn on Bankers to get protection.

The protection however comes in under section 19 of the English Stamp Act of 1853, an entirely different enactment, which is still unrepealed, though a new stamp Act had been enacted in 1891. There is nothing corresponding to this provision in the Indian Act, and it is really the translation of this provision into the Indian Act that the Associated Chambers want. Before embarking on this new legislation, Government must be satisfied that such cases have occurred in India and that Banks have had to suffer. Even in England my Committee understand that such reported cases are very few. Section 19 of the English Stamp Act of 1853 was not embodied in the Indian Act, although it was on the Statute Book in 1882, when the Negotiable Instruments Act was passed in India. It appears, therefore, to my Committee to be only right that no question of amendment of the Negotiable Instruments Act need be raised until at least some concrete instances of hardship to the Banks are brought to light. During the last 45 years that the Indian Act has been in force, my Committee are not aware of any such case of hardship. But perhaps, the Associated Chambers may be able to give some instance to the Government, which would have to be examined.

The additional protection under reference in England appears to be based on the decision of the House of Lords in Gordon's case, which appears not to have been favourably received by authorities on Banking. (Vide Paget—Law of Banking 3rd edition, pages 113-118). These drafts are purely voluntary and optional on the part of the Banker, and outside the protection of a forged endorsement.

There are cases in England to show that an instrument drawn

by a Banker on himself is a cheque. (Vide Byles—on Bills, Edition 1923, page 13). If that be so section 85 of the Indian Negotiable Instruments Act would afford sufficient protection and there will be no need to amend the said Act, *until it is tested and found wanting.*

My Committee, therefore, conclude that Government would be justified in adhering to their decision, as related towards the end of paragraph 2 of your letter under reply, and not to seek to amend the Negotiable Instruments Act at present as desired by the Associated Chambers of Commerce.

APPENDIX 33.

ABOLITION OF STAMP DUTY ON INTERNAL BILLS OF EXCHANGE.

No. G. 1531 27th July 1927.

**From Chamber to the Government of India Finance
Department, Simla.**

The Committee of this Chamber have noted with satisfaction the decision of the Government re: the abolition of Stamp Duty on cheques and demand bills. I am in this connection directed to draw your attention to paragraph 116 of the Report of the Royal Commission on Indian Currency and Finance re: the abolition of stamp duty on all Bills of Exchange. The stamp duties on all internal Bills of Exchange constitute a great burden on the commercial community of the country. The progress of banking in this country is, as is admitted on all hands, still in its infancy and the removal of the stamp duties on all internal Bills of Exchange will go a great way in giving an impetus to the growth of banking habits of the people.

I am therefore directed by my Committee to request the Government to give effect to the recommendation of the Royal Commission

on Indian Currency and Finance re: the abolition of stamp duty on Bills of Exchange so far as internal Bills are concerned.

No. F. 17 (V)--F/27 Simla 25th August 1927.

From Government of India Finance Department to Chamber.

With reference to your card, No. G. 1674, dated the 11th August 1927, I am directed to say that the request, for the abolition of stamp duty on internal bills of exchange, in paragraph 2 of your letter No. G. 1531, dated the 27th July 1927 has been noted by the Government of India.

APPENDIX 34.

STAMP DUTY ON ENDORSEMENT OF DISCHARGE OF DEMAND DRAFTS OR CHEQUES.

No. G. 2109, 2nd September 1927.

**From Chamber to the Government of India Finance
Department, Simla.**

The attention of the Committee of this Chamber has been drawn to the interpretation put by the Superintendent of Stamps Bombay, regarding the necessity of the Stamp duty of one anna on the endorsement of discharge on Bills of Exchange payable on demand when they are for amounts exceeding Rs 20 under Article 53 of the Schedule to the Indian stamp Act, 1899. My Committee believe that the said interpretation of the Indian Stamp Act renders the exemption given to the Demand Bills from the stamp duty void. They, therefore, request the Government of India to amend the Indian Stamp Act in such a manner as the exemption given to the Demand Bills under the Indian Finance Act, 1927, might not be made nugatory due to the apparent flaw in the Act. In view of the urgency of the matter, they hope that Government will be pleased to make the necessary amendments in the law at an early date.

C. No. 127-Stamps/27, the 10th November 1927.

From Government of India Finance Department (Central Revenues) to Chamber.

In reply to your letter quoted above, I am directed to say that the Imperial Bank of India, Calcutta, which made a similar reference, has been asked to obtain a definite ruling as to the liability to stamp duty of one anna of receipts endorsed on unstamped hundies or bills of exchange payable on demand, by making a reference to a Collector of Stamp Revenue under Section 31 of the Indian Stamp Act, 1899 (II of 1899). If as a result of such reference it is ruled that the instruments are liable to duty, the question of amending the law will then be considered.

No. G. 3053 13th December 1927.

From Chamber to the Government of India Finance Department (Central Revenues) New Delhi.

With reference to the correspondence ending with your letter C. No. 127-Stamps/27, dated the 10th November 1927, re: above, I am directed to send to you herewith a copy of a ruling obtained from the Stamp authority in Bombay under Section 31 of the Indian Stamp Act by the Bombay Shroff Association. It will be seen from the same that the endorsement of discharge on a Bill of Exchange is liable to Stamp duty of one anna according to the local authorities.

Under the circumstances, I am directed by the Committee of this Chamber to request the Government to be pleased to make the necessary amendments in the law at an early date.

No. 6832, Bombay, 9th December 1927.

Copy of ruling of the Superintendent of Stamps, Bombay to the Bombay Shroff Association.

With reference to your letter dated 6th instant asking for a ruling under sec. 31 of the Indian Stamp Act whether the receipt

for discharge, endorsed on the bill of exchange for Rs. 1000 payable on demand, copy of which has been forwarded to me, is liable to a stamp duty of anna one, I have the honour to state that receipts endorsed duly stamped cheques or bills of exchange payable on demand were, prior to 1st July 1927, exempt from stamp duty under exemption Act art. 53 of the Indian Stamp Act of 1899, which refers to receipts endorsed on or contained in any instrument duly stamped or exempted under proviso to sec. 3 (instruments executed on behalf of the Government (acknowledging receipt of the consideration money therein expressed, or the receipt of any principal money, interest or annuity, or for other periodical payment thereby secured. This exemption does not now apply to endorsements of the nature made on the bills of exchange under reference, as the bill of exchange is now exempted from the payment of stamp duty under the Indian Finance Act of 1927. The endorsement is liable to a duty of anna one as receipt under art. 53 of the Indian Stamp Act.

2. Adjudication fee Rs. 5 paid by you has been credited to Government.

C. No. 127-Stamps/27 New Delhi 25th January 1928

From Government of India (Central Revenues) to Chamber

In continuation of my letter quoted above, I am directed to refer you to this Department's Notification No. 1, dated the 21st January 1928, exempting from the payment of stamp duty receipts given on unstamped bills of exchange. Copies of the Notification will be supplied to you shortly.

Finance Department (Central Revenues)

NOTIFICATION.

STAMPS.

New Delhi, the 21st January 1928.

No. 1.—In exercise of the powers conferred by clause (a) of

section 9 of the Indian Stamp Act, 1899 (II of 1899), the Governor General in Council is pleased to remit with effect from the 1st July 1927 the duty with which receipts endorsed on cheques or on bills of exchange payable on demand are chargeable under Article 53 of Schedule 1 to the said Act.

A. TOTTENHAM.

Joint Secy. to the Govt. of India,

APPENDIX 35.

FORMATION OF INDIAN INSTITUTE OF BANKERS.

No. G. 258 12th February 1927.

From Chamber to the Government of India Finance

Department New Delhi.

The attention of the Committee of this Chamber has been drawn to a communication by the Managing Directors of the Imperial Bank of India to the Government of India informing them that they propose to call a meeting of interested Banks for a general discussion on the subject of the formation of an Institute of Bankers towards the end of February 1927. My Committee beg to request you to be pleased to arrange that, on the proposed Conference should be represented not only Banks but also the principal Commercial Institutions. The Indian Merchants' Chamber, for instance, has been taking a very keen and active interest in the question of secondary Commercial Education, of which Banking Education forms but a part. My Committee welcome the proposal for a Banking Institute started in the City of Bombay, but in order that the proposal may be made successful, it is necessary that not only the Banks but also the Chambers of Commerce, should have a say in the matter. The Conference proposed to be convened with regard to this will have not only to deal with the syllabus

of studies, but also with the organisation and administration of the proposed Institute. The advice and guidance of Chambers of Commerce, therefore, will be very useful and important at this stage of the proposal. My Committee trust, therefore, that the Government of India will be pleased to suggest to the Imperial Bank of India to invite representatives of principal commercial organisations to the proposed Conference.

No. D/1377-F, New Delhi, 10th March 1927.

From Government of India, Finance Department to Chamber.

In continuation of my letter, No. D/995-F., dated the 17th February 1927, I am directed to state that the Government of India are not prepared to suggest to the Imperial Bank that they should arrange for commercial bodies being represented at the forthcoming meeting which the Managing Governors of the Imperial Bank have called in connection with the proposed formation of an Institute of Bankers in India. The Indian Institute is proposed to be founded on the lines of the Institute of Bankers in England and the latter is open only to members of the Banking profession.

No. G/476 19th March 1927.

**From Chamber to the Government of India Finance
Department, Delhi.**

I am directed to acknowledge receipt of your letter of the 10th inst, No. D/1377-F,

My Committee are sorry to note that the Government of India are not prepared to suggest to the Imperial Bank that they should arrange for commercial bodies being represented at the forthcoming meeting which the Managing Governors of the Imperial Bank have called in connection with the proposed formation of the Institute of Bankers in India and the reason given for the refusal is that the latter is open only to members of the banking profession. My Committee venture to hold that this reason should not operate

in the case of this country as then the foreign banks will have a preponderating voice in the formation of the proposed Institute and in the development of the Institute Indian interests may be seriously overlooked. I am also to point out that the indigenous banking profession can only be represented through an institution like this Chamber. There are hundreds of what are known as Shroffs or Indian Bankers who will have no representation if this Chamber is not asked to participate in the proceedings. The proposed Institute of Bankers will be an important step in the history of Banking in this country and it would be but appropriate if this Chamber which has been taking a keen interest in commercial education from the very beginning and with which important associations representing the Banking profession are affiliated is asked to co-operate in evolving the scheme and making it a success.

(3) STORES PURCHASE.

APPENDIX 36.

NEW STORES PURCHASE RULES OF THE GOVERNMENT OF BOMBAY.

No. 3074 C, Bombay Castle, 23rd December, 1923.

From the Government of Bombay General Department
to Chamber.

With reference to your letter No. T-1016 dated the 27th April 1923, on the above subject, I am directed by the Government of Bombay to invite the attention of your Chamber to Government Notification No. 356, dated the 16th December 1923, in which are published provisional rules for the purchase of stores required by Officers and Departments subordinate to the Government of Bombay. Rule 11 of these rules lays down the method of comparing prices of indigenous and imported articles, and you will observe from clauses (iv) (a) and (b) of that rule that in order to arrive at the marketing value in India of an reported article for purposes of comparison with

the price of a similar article manufactured in India, customs duty and other incidental charges such as landing, wharfage and port charges, interest, insurance and freight brokerage have to be added to the Home price of the imported article.

2. The question of rupee tenders referred to in your letter is receiving the attention of Government. Any further suggestions which your Chamber may desire to offer in connection with the provisional rules now formulated will be carefully considered by Government before issuing final rules.

No. G. 372 Bombay, 4th March 1927.

**From Chamber to Government of Bombay General
Department, Bombay.**

I am directed to send to you hereby the views of the Committee of this Chamber with regard to the Provisional Rules for the Purchase of Stores required by Officers and departments subordinate to the Government of Bombay published in the Bombay Government Gazette, Part-I, dated 23d December 1926.

2. With regard to Rule 1, my Committee beg to suggest that the following Rule should be substituted in place of that proposed by Government:--

Rule 1. Articles manufactured in India from Indian Materials,

All articles, which are produced in India in the form of raw material or are manufactured in India from materials produced in India should, in preference to articles not manufactured in India wholly or partly manufactured in India from imported materials, be purchased locally, provided that quality is sufficiently good for the purpose and the difference in price does not exceed 10 per cent.'

My Committee have found from their experience that the proviso in this Rule which is the same as in the Government of India's Rule viz that the quality is sufficiently good and the price reasonable, works generally to the disadvantage of indigenous products. The proviso

is very vague and indenting officers, my Committee fear, interpret it according to their own light giving a preference to foreign articles when the difference in price or quality is not much. My Committee, for this and various other reasons, suggest the definite limit of 10 per cent for indigenous articles which will solve all doubts of purchasing officers and give them a clear mandate to purchase home-made articles in preference to foreign ones if there is a difference in price not exceeding 10 per cent and the quality is sufficiently good for the purpose.

3. In the same way, my Committee suggest the following Rule for the same reasons for the Rule 2 of the Rules proposed by the Government of Bombay.

"Rule 2 Articles manufactured in India from imported materials.

Articles wholly or partly manufactured in India from imported materials should also be purchased in India in preference to articles not manufactured in India, provided that the quality is sufficiently good and the difference in price does not exceed five per cent."

4. With regard to articles which are not manufactured in India and which are provided for in Rule 3 of the Government Rules, my Committee suggest the following rule :—

"Rule 3.—Articles which are not manufactured in India.

Articles which are not manufactured in India shall be purchased by indent on the Chief Controller of Stores, India who shall call for simultaneous tenders for same both in India and in England in Rupees and for delivery in India, such tenders to be opened by him in India in the presence of tenderers and to be dealt with by him, and the results of all such tenders shall be duly made public.

Provided however, that the successful tenderer shall be only such firm or individual whose name appears on the List of firms approved by the Chief Controller of Stores, Indian Stores Department."

This Rule suggested by my Committee embodies the important principle of the system of tenders being invited in this country and in Rupees only, accepted by the Legislative Assembly as also by both the European and commercial community. My Committee beg to summarise below, for the information of the Government, the advantages of such a system:—

- (1) Avoids all charge of unfairness to Government in comparison with prices where simultaneous tenders are called,
- (2) Enables such articles as are manufactured in this country to secure State patronage after they have brought their manufacture to the required specifications and they have shown themselves able to compete on equal terms with imported materials.
- (3) Enables precise and detailed knowledge of Government purchases and of the prices at which these purchases are made to be disseminated amongst manufactures so to enable them to make their own calculations and see whether they may not attempt to extend their own operations so as to be able to supply Government equipments.
- (4) Will secure a larger investment of capital in this country by foreign firms, who will establish not merely commercial agencies for the purpose of quoting, but branches that will carry a stock of spare parts, all designs, calculations and drawings and will also carry technical services both for the erection and repair of equipment.
- (5) This would result in.
 - (a) savings to Government on the stores, which they would have to carry at present;
 - (b) savings in respect of unserviceable stock which accumulates in the stores on account of the type going out of use, or wear and tear and deterioration on account of time;

- (c) savings in cable charges between England and India for conveying all the specifications and requirements and several cross-enquiries with regard to details ;
 - (d) saving the loss at present incurred in many cases when the indenting officer is unable to use the equipment imported by him, because he is not able to erect it and work it properly. He is disinclined to own his incapacity, because he cannot distinguish whether the failure of a particular equipment to give the specific results is due to his own ignorance or to any defect in the supply. Many cases have been known of this kind ;
 - (e) saving the lengthy correspondence, which involves both loss of time and some costs and in any case considerable effect to secure replacements when defective material has arrived ;
 - (f) the facilities through the keeping of spare parts and technical service in this country would be available to the public and private enterprise would be encouraged. The supply in particular to the industrial efforts of small parties, who have no facilities for direct communication with the makers and who are therefore necessarily obliged to pay heavy charges to commission agents both in this country and abroad, would increase. It would also save in the outlay of capital owing to any need for carrying spare parts, and in general suppliers of different kinds of equipment would spread some technical knowledge amongst their subordinate staff with regard to erection, repairs and general use in many directions.
- (6) Stamp duty on all contracts made in India would come to Government revenue as well as duty on cheques. Banking would be given an encouragement through balances of these foreign manufacturers remaining in India in certain quantity. Local and Municipal rates would be swelled by

the advent of foreign business houses and income-tax receipts, both from the operations of these branches and from payments made to superior employees would come to the Government of India. Indian ports and railways are bound to secure larger freight in some direction.

- (7) Heavy expenses of consulting engineers, which a purely purchasing agency in London has to incur, would be saved either completely or a part very largely in India by the use of superior technical staff engaged at present in the Indian Stores Department and in several other departments of Government. The saving would on large operations be considerable.
- (8) It will bring India in larger contact with the industrial world. Not only the manufacturers in the United Kingdom but from other parts, who want to take advantage of the conditions of supply, would compete on equal terms. The accusation, which is constantly levelled at the Government that they are not always purchasing in the lowest market, would therefore disappear. The preference at present shown by indenting officers for a particular manufacturer, which defeats this rule, would also disappear. Restricted knowledge with regard to parties, who came to supply a given article, which at present determines such preferences, would expand.
- (9) All items, which involve heavy freights on account of classification or bulk would be either assembled or actually manufactured on this side.
- (10) Foreign manufacturers would therefore be induced either to make greater use of existing workshops and foundries and other factories, or to establish more shops and plants of their own.

5. With regard to Rule 5, my Committee beg to offer the following remarks:—

- (i) 'Seeds' should be specified, The term is too vague; as almost all classes of seeds are grown in India, why should they not be bought in India?
- (ii) Cinchona bark is grown and available in India. Why should the same be bought from abroad?
- (iii, iv, v & vi) Tenders must be published and if these goods are available they must be bought in India. There should be no general authority to Officers to buy them outside India without publication of tenders.
- (Vii) This should be modified as under :-

"Chemicals, drugs and scientific instruments manufactured in India and which are of standard description and made by well-known firms should be bought in India and only such of the chemicals and scientific instruments which do not require careful inspection or testing of which are of standard description usually quoted by well-known firms, provided that the articles cannot be procured from the Medical Stores Depot."

6. Rule 6 should include all chemicals, drugs instruments required for Hospitals and General Medical Stores.

7. Coming to Rule 12, my Committee draw the attention of the Government to Rules, 1, 2 and 3 which lay down that articles made in India should be purchased in India, provided the *quality* is sufficiently good. As many of the indents do not provide any standard specifications and tests, the determination of the quality becomes arbitrary and it is left to the option of the indenting officer to reject any tender on insufficient grounds or excuses of the articles not coming up to his requirements as regards qualities. For this purpose, all materials must be most exactly specified in the tenders and wherever possible, tests should be prescribed by Government. Rule 12 should, therefore, be modified as under :-

"All articles purchased in India should conform to specifications and tests prescribed by Government and they should

be tested by competent authorities approved by Government. The list of such competent authorities should include the names of, besides the Indian Stores Department of Delhi, independent Indian qualified person or persons engaged in professional practice."

8. My Committee had an interview recently with the Honorable Mr. Cowasji Jehangir, Jr., Member-in-Charge of the General Department Government of Bombay, when these suggestions were discussed, and they send these suggestions with an earnest hope that they will be favourably considered and embodied in the new Stores Purchase Rules of the Government of Bombay.

APPENDIX 37.

RUPEE TENDER AND NEW STORES RULES FOR INDIA.

No. G. 364 3rd March 1927.

Telegram from Chamber to Sir Purshotamdas Thakurdas,
Kt. Delhi.

"Committee request you forward following message Department of Industries and Labour, Committee Indian Merchants' Chamber congratulate Government of India on successful negotiation with Secretary of State by which latter leaves power to them frame rules for Stores purchase. (stop) Committee trust that public demand for Rupee Tender system will now be granted (stop) Committee suggest a Committee with nonofficial commercial representatives including one from this Chamber to frame new Stores Rules."

No. S. 217, dated New Delhi, the 17th March 1927.

**From Government of India Department of Industries and
Labour to Sir Purshottamdas Thakurdas Kt.**

I am directed to acknowledge, with thanks, the receipt of your letter dated the 4th March 1927, communicating the telegraphic message from the Committee of the Indian Merchants' Chamber, Bombay on the above subject.

Copy forwarded for information to the Secretary, Indian Merchants' Chamber, Canada Building, Home Street, Fort, Bombay.

By order, etc.,
J. P. GAUPELI,

for Under Secretary to the Government of India,
Anb. 17/3.

No. G, 565 31st March 1927.

**From Chamber to the Government of India Department of
Industries and Labour Simla.**

My Committee are glad that the negotiations of the Government of India with the Secretary of State have resulted in the relaxation by the latter of the powers hitherto reserved to him by statute. This happy position brings the longed-for reforms in the rules for the purchase of stores nearer and my Committee are glad to read from the reply given by the Hon'ble Sir B. N. Mitra to Mr. Jinnah that new stores rules are in the process of making.

My Committee desire to draw attention to many defects of the old rules on which they have addressed Government frequently. They would invite attention to paragraph 4 of the Government's letter dated 10th November 1926 in which Government promised to give consideration to certain proposals of this Chamber with regard to Stores purchase.

The Committee of this Chamber have frequently urged that manufacturers in India have a prior claim on the patronage of Government and that in spite of verbal promises in actual practice this claim is not being recognised. This was the result of the procedure laid down by the stores rules which made it easier for

every official to send down his indent to the United Kingdom rather than take trouble of looking for the material in India. Even if he found the material in India he was not always equipped with the necessary staff to handle the purchase and the onus of proof that the material was suitable and not dearer remained on him. Under these conditions, it was not possible in human nature to expect officials to be enthusiastic about placing their enquiries locally. What is therefore, desired in the new rules is that articles manufactured in this country should receive marked and definite preference and in giving this preference the purchasing officers should have a clear discretion so that they may incur any departmental or other reproaches. My Committee went further and suggested that in certain cases the discretion of the officials should extend upto ten per cent. of the price, if the articles in question were manufactured only in India.

My Committee think that in framing the new rules with regard to the purchase of Government requirements by rupee tenders in India, the procedure with regard to calling for these tenders and the making of decision thereon as well as the inspection of material, would have to be carefully decided upon and it is most desirable that these rules should be framed in consultation with representatives of the public. It is for this reason that my Committee would again urge that these rules should not be framed by Government Departments themselves. Government are doubtless aware that from various quarters, it is frequently said, that Government have not done enough in their responsibilities towards the manufacturers and merchants of this country on the lines adopted by the National Governments all over the world. If the rules to be framed are, therefore, framed in consultation with them, this particular form of grievance would be considerably minimised and satisfaction given all round.

In view of the amount of purchase both on capital and on revenue account which is being made by the various departments of the Government, my Committee regard this question as one of the greatest importance and trust that Government will see their way to accede to the request contained herein.

My Committee would respectfully take occasion to warn Government that any rules framed ex-parte without consultation with representatives of the public, which defeat the object which Indian public opinion has been trying to secure, will cause grave disappointment and dissatisfaction.

APPENDIX 38

PURCHASE OF KHAKHI PUGREE CLOTH AND SOCKS.

No. G 2315 15th October 1927.

**From Chamber to the Government of India Department
of Industries & Labour, Simla.**

I am directed by the Committee of this Chamber to draw your attention to the item of Cambric, Cotton, Pugri, Khakhi and Socks, in the abstract of half-year ending 31st December 1926 of cases in which the lowest tenders were not accepted. The explanation given for the Pugri, Khakhi was that the indenter cabled for a very early supply in view of the shortage in the factories in India. For the purchase of 150,000 pairs of socks it was also stated that they were urgently required in India.

My Committee fail to see why there was any urgency about the supply of these articles. In times of peace these requirements should have been foreseen and as such there appears to be no justification whatsoever for the acceptance of the higher tenders on the hackneyed ground of "urgent necessity." The indenting officers have so often been found insisting upon "urgent and early deliveries" of such articles as are mentioned above. They are constrained to observe that such peremptory calls have been in the past and still continue to be, responsible for the India Stores Department, London, not buying the goods indented from the most economical markets.

My Committee, therefore, will be much obliged if the Government will be pleased to explain why the articles under reference were

asked for urgently by the indenting officers, as also inform them of the steps they intend to take to put a stop to such unnecessary waste of public funds.

No. G, 2310 15th October 1927.

**From Chamber to The Chief Controller of Stores
Stores Department, Government of India, Simla**

The attention of the Committee of this Chamber has been recently drawn to purchases of the abovementioned articles from abroad through the India Store Department, London. I am directed by my Committee, in this connection, to request you to be good enough to inform them whether proper enquiries for the stocks of these articles in India were made before indents for the same were placed with the India Store Department, London.

An early reply will be much appreciated.

No. X—5529 24th October, 1927.

From the Chief Controller of Stores to Chamber.

I have the honour to acknowledge receipt of your letter No. G-2310, dated the 15th October, 1927, in which you ask if proper enquiries were made in India for the above mentioned articles before indents for the same were placed with the India Store Department, London. I regret I am unable to reply to you at once, as my office records have not yet arrived from Simla. A further communication will be sent to you as soon as possible

No X/5529, Dated New Delhi, the 18th November 1927,

From The Chief Controller Of Stores to Chamber

With reference to your letter No. G-3310, dated the 17th October 1927, I have the honour to inform you that tenders for the above were called for simultaneously in India and through the Director General of Stores, London, the Indian tender being as usual advertised. In the case of cambric, cotton and pagri cloth khaki, no firms in India were able to offer an acceptable quality at a reasonable price. The question of modifying the specifications to enable Indian

manufacturers to produce an acceptable quality at a competitive price is being investigated.

2. In the case of socks a quotation received by the Director General of Stores, London, was the lowest, but in order to keep the specially trained labour in Indian Mills at work, it was decided to place a contract for half the quantity required in India although this involved an enhanced cost. The other half was ordered through the Director General of Stores, London.

APPENDIX 39.

PURCHASE OF PRINTING PAPER.

No. G. 2311 15th October 1927.

**From Chamber to the Government of India
Department of Industries and Labour, Simla.**

I am directed by the Committee of this Chamber to draw your attention to the item of Paper-printing in the abstract half-year ending 31st December 1926 of cases in which the lowest tender was not accepted,

The explanation was that the two quotations, viz ; the lowest and the highest were cabled to the indenting officer who in reply stated that he preferred Messrs. Alex Cowan's tender to the lowest no. The remarks of the India Store Department, London, show that inspite of the equally suitable quality of the paper of the lowest tendering firm, the highest one of Messrs. Alex Cowan was accepted. My Committee cannot understand the reason why the indenting officers are given such wide powers which so often are abused as in the present case. If the quality of the paper of the lowest tender was thought to be "equally suitable" by the responsible Department of the Government of India viz ; the India Store Department, London, it passes one's comprehension why the indenting officer insisted upon the paper of a particular make.

A similar case of waste of public funds was brought by my Committee to the notice of the Government sometime back in connec-

tion with the insistence of an indenting officer upon the purchase of the Messrs. Dickinson's paper. It subsequently transpired that the indent was placed by one of the major Local Governments which are given full autonomy as regards their stores purchase policy. If the case under discussion does not emanate from any of the major local Governments, my Committee impress upon the Government the urgent necessity of issuing immediate orders to their indenting officers not to insist upon articles of certain manufactures, when equally good and economical goods can be had from other sources.

If the same was placed with the India Store Department, London, by any of the major local Governments, my Committee will be obliged if the Government will be pleased to inform them of their name so that they might be approached in that connection.

No. S-424 Dated New Delhi, the 18th January 1938.

**From Government of India Department of Industries and
Labour to Chamber.**

I am directed to refer to your letter No. G 2311, dated the 15th October 1927, and to say that standing instructions already exist under which all indenting officers under the Central Government and the minor local Governments are required to send full particulars and designs with their indents for stores sent to the London Store Department instead of restricting supply to a specified firm. In the case under consideration, the paper in question was not ordinary printing paper but "rag litho" paper required for high class reproduction work. Paper of this class manufactured by Messrs. Alex. Cowan and Sons, Ltd., has been found from long experience to be suitable for this purpose and it was therefore considered inadvisable and uneconomical to obtain a new make of paper until it had been tested to prove that it would be able to stand the severe climatic conditions in India. Samples of "rag litho" paper manufactured by several other firms have since been tested in the laboratory attached to the Stationery Department and the question of laying down detailed specifications of the "rag litho" paper required for reproduction work is being considered,

APPENDIX 4C.**STORES PURCHASE RULES BY THE BOMBAY MUNICIPALITY.**

No. 2898 of Bombay, 4th July 1927.

From Bombay Municipality to Chamber

With reference to your letter, No. T. 690 dated the 27th May 1925, regarding the policy of inviting tenders for the supply of stores, etc., I have the honour by desire of the Municipal Corporation of Bombay to forward to you the accompanying copy of a report No.* M. C. 26-A, dated the 20th April 1927, from the Municipal Commissioner on the subject which is concurred in by the Corporation.

2. I am also forwarding to you herewith for ready reference copies of all the papers referred to by the Commissioner in his aforesaid letter.

No. G. 2309 15th October 1927.

From Chamber to the Municipal Commissioner for the City of Bombay.

I am directed by my Committee to acknowledge receipt of your letter No. 2898, dated the 4th July 1927 with its accompaniments regarding the policy of inviting tenders for the supply of stores. My Committee appreciate the action of the Municipality with regard to the procedure adopted in connection with the invitation and disposal of tenders. I am, however, directed to draw your attention to the urgent necessity of framing rules by which Municipal Stores Purchases should be guided. The Bombay Municipality is one of the biggest purchasers of various articles and as such it should frame its own set of rules in accordance with the accepted principles of Stores Purchase.

My Committee had so far back as 1924 forwarded to the Government of India draft rules for their Stores Purchase for their guidance which were subsequently sent to the Government of Bombay also. I

‡ Not printed Vide File R 9 of 1927.

am directed to send to you herewith a copy of those rules for the guidance of the Municipality and express the hope that they will be pleased to frame their Stores Purchase rules on similar lines.

TARIFFS AND TAXATION

APPENDIX 41.

PROPOSED AMENDMENT IN RULE 23 OF THE INDIAN INCOME TAX RULES 1922.

CENTRAL BOARD OF REVENUE. NOTIFICATION.

INCOME-TAX.

New Delhi, the 2nd April 1927.

No. 12. The following draft of certain further amendments in the Indian Income-tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub-section (3) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 9th May 1927. Any objection or suggestion which may be received in respect of the said draft before the date specified will be considered by the said Board:—

Draft amendments

1. In sub-rule (1) of rule 23 of the said Rules the words and figures "subject to the provisions of rule 24" shall be omitted.

2. Rule 24 of the said Rules shall be omitted.

V. S. SUNDARAM

Secy., Central Board of Revenue

G 780, 20th April 1927.

From Chamber to the Central Board of Revenue,
Government of India Simla.

With reference to your circular No. 12 dated 2nd April 1927, re: draft amendments in Rules 23 and 24 of the Indian Income-tax Rules, 1922, I am directed by my Committee to inform you that they have no objection to the same,

APPENDIX 42.

PROPOSED AMENDMENT IN RULE 23 OF THE INCOME-TAX
RULES.

CENTRAL BOARD OF REVENUE.

NOTIFICATION.

INCOME-TAX

Simla; the 21st May 1927,

No. 21—The following draft of a further amendment in the Indian Income-tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income tax Act, 1922 (X of 1922), is published as required by sub-section (3) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 15th June 1927. Any objection or suggestion which may be received in respect of the said draft before the date specified will be considered by the said Board;—

Draft amendment

For sub-clause (3) of clause (b) of sub—rule (2) of Rule 23 of the said Rules the following shall substituted, namely:—

“such amount as the Income-tax Officer finds, having regard to all the circumstances in each case, to represent a reasonable rate of profit on the sale of the produce in question as agricultural produce.”

V. S. SUNDARAM,

Secretary Central Board of Revenue

No. G 1256 22nd June 1927.

From Chamber to the Central Board of Revenue.

With reference to your Notification No. 21, dated the 21st may 1927 regarding the above, I am directed by my Committee to inform you that they have no objection to the proposed change.

ANNUAL REPORT OF THE

APPENDIX 43.

PROPOSED AMENDMENT IN RULE 8 OF THE
INCOME-TAX RULES.CENTRAL BOARD OF REVENUE.
NOTIFICATION.

INCOME-TAX.

New Delhi, the 22nd January 1927.

No. 5—The following draft of a further amendment in the Indian Income-tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub-section (3) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 10th March 1927. Any objection or suggestion which may be received in respect of the draft before the date specified will be considered by the said Board.

Draft amendment.

In entry 2 of the statement in Rule 8 of the said rules, in the sub-entry specifying the plant in respect of which the percentage on prime cost allowed is 10, the words "surgical and dental instruments" shall be omitted.

V. S. SUNDARAM,

Secy., Central Board of Revenue.

No. G-275, 16th February 1927.

From Chamber to the Central Board of Revenue New Delhi.

With reference to your notification No. 5 dated 22nd January 1927, my Committee are opposed to the words "surgical and dental instruments" being omitted from entry 2 of the statement in rule 8 of the Income-Tax Rules,

With regard to your notification No. 1 dated 8th January 1927, my Committee would like to know the reasons for such a change before giving their opinion.

With reference to your notification No. 3 dated 15th January 1927, My Committee see no objection to the proposed amendment.

My Committee beg to suggest that in future, the Government may be pleased to give their reasons for making any changes in the Rules and Regulations or other parts of the Income Tax Manual. Without knowing such reasons it is sometimes not possible for Commercial Associations to give their opinion regarding any suggested modifications.

C. No. 1066- I. T. /26.

From Central Board of Revenue to Chamber.

In reply to your letter quoted above, I am directed to point out in the first place that the reason for omitting "surgical and dental instruments" in the statement in rule 8 is that as the law stands depreciation on machinery plant etc. can only be allowed in computing income from business (Act XI-22 Section 10 (2) (vi)-and is not one of the allowances that can be made in computing income derived from the exercise of a profession or vocation. The practices of Dentistry and that of Surgery are professions. The inclusion of this item in the rule is therefore ultra vires, and in view of that fact your Chamber will perhaps agree that it must be omitted,

2. Depreciation is allowed as you are aware, in order that the original cost of machinery plant etc. may be deducted from the assessee's income liable to tax. By the depreciation allowance the original cost is spread equally over a series of years equal to the normal life of the asset. Looked at from a slightly different point of view the object of the allowance is to exempt from tax a sum likely as a rule to be sufficient to cover replacements. The cost of replacing surgical and dental instruments will be allowed hereafter as an expense under Section 11 (2). The assessee will, therefore, get practically the same benefit as that conferred by a depreciation allowance though in a different form.

3. The object of the amendment is Notification No. 1, dated the 8th January 1927 is to secure the more correct classification of income derived from interest (other than interest on securities), which should be shown under item 5 when the receipt of such interest is incidental to the conduct of a business and under item 8 when it is not.

The Board has noted the suggestion in the fourth paragraph of your letter.

No. G. 417 10th March 1927.

From Chamber to the Central Board of Revenue

Government of India Delhi.

With reference to your letter under reply, I am directed to enquire as to how the preliminary expenses incurred in connection with "Surgical and dental instruments" will be treated. I shall be much obliged by your further enlightening me as to the meaning of "Replacement", whether it refers to replacement of unserviceable instruments by new ones.

As regards item No. 8 in Rule 19, my Committee have no objection to the amendment proposed in Government Notification No. 1 of the 8th January 1927.

C. No. 1066-T. T./26.

From Central Board of Revenue to Chamber

In reply to your letter quoted above, I am directed to say that both the cost of repairing instruments (including the replacement of parts) and the cost of purchasing new instruments to take the place of unserviceable ones will be allowed.

No. G. 551 30th March 1927.

From Chamber to the Central Board of Revenue New Delhi.

With reference to your letter No. 1066-I. T./26 of the 17th instant, I am directed to inform you, that in view of your remarks, my Committee have no objection to the proposed amendment in rule 8 of the Income Tax Rules,

APPENDIX 44.

PROPOSED AMENDMENT OF RULE 8 OF THE INDIAN
INCOME TAX RULES, 1922.

CENTRAL BOARD OF REVENUE

NOTIFICATION.

INCOME-TAX.

Simla, the 8th October, 1927.

No. 31.—The following draft of a further amendment to the Indian Income-tax Rules, 1922, which the Central Board of Revenue propose to make in exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub section (4) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 8th December 1927. Any objection or suggestion which may be received in respect of the draft before the date specified will be considered by the said Board.

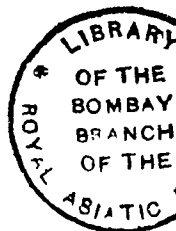
Draft amendment.

In the first column of the statement in Rule 8 of the said Rules, under the head "2—Machinery, Plant or Furniture" and sub-head "Rate sanctioned for special industries", for the entry "Motor cars used solely for the purpose of business" the entry "Motor cars used solely for the purpose of business, indigenous sugarcane crushers (Kohlus or Belnas)" shall be substituted.

No. G. 2623, 9th November 1927.

From Chamber to the Central Board of Revenue, Delhi.

With reference to the Notification of your Board dated the 8th October 1927, No. 31, on the above subject, I am directed to state that my Committee have no objection to the proposed amendment of Rule 8 of the Indian Income-tax Rules, 1922.



APPENDIX 45.

PROPOSED AMENDMENT IN RULE 14 OF THE
INDIAN INCOME-TAX RULES.

CENTRAL BOARD OF REVENUE.

NOTIFICATION.

INCOME-TAX.

Simla the 1st October, 1927.

No. 30.--The following draft of a further amendment to the Indian Income-tax Rules, 1927, which the Central Board of Revenue proposes to make in exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (X1 of 1922), is published as required by sub-section (4) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the draft will be taken into consideration [on or after the 1st November 1927. Any objection or suggestion, which may be received with reference to the draft before the said date, will be considered by the said Board :--

Draft Amendment,

In Rule 14 of the said Rules for the words "on the entire.

on per cent of "

appearing in the form of certificate to be furnished by the principal-officer of a company under section 20 the following shall be substituted namely:"

on the entire

on such part, as is liable to be charged to Indian Income-tax, of the

V.S. SUNDARAM,

Secretary, Central Board of Revenue.

No. G. 2624. 9th November 1927.

From Chamber to the Central Board of Revenue Delhi.

With reference to the Notification of your Board dated 1st October 1927, No. 30, on the above subject, I am directed to state that my Committee have no objection to the proposed amendment of Rule 14 of the Indian Income tax Rules, 1922.

APPENDIX 46.

PROPOSED AMENDMENT IN RULE 2 OF THE
INDIAN INCOME-TAX RULES 1922,
CENTRAL BOARD OF REVENUE
NOTIFICATION

INCOME-TAX.

Simla, the 15th October, 1927

No. 33,—The following draft of a further amendment to the Indian Income-tax Rules, 1922, which the Central Board of Revenue proposes to make in exercise of the powers conferred by sub-section (1) of section 59 of the Indian Income-tax Act, 1922 (XI of 1922), is published as required by sub-section (4) of the said section for the information of all persons likely to be affected thereby, and notice is hereby given that the said draft will be taken into consideration on or after the 8th December 1927. Any objection or suggestion which may be received in respect of the draft before the date specified will be considered by the said Board.

Draft Amendment.

In Rule 2 of the said rules, for the words "at any time before the assessment of the income of the firm is made", the following shall be substituted namely :—

"at any time before the income of the firm for any year is assessed under section 23 or, where the income has in any year escaped assessment under that section before it is assessed under section 34".

V. S. SUNDARAM,

Secy, Central Board of Revenue.

No G. 2625 9th November 1927,

From Chamber to the Central Board of Revenue, Delhi.

With reference to notification of your Board dated 15th Octob.,

1927, No. 23 on the above subject, I am to state that my Committee would suggest that instead of the words 'before it is assessed under section 34' at the end of the proposed amendment, the words: "before it is assessed or re-assessed under Sections 34, 30 and 36 or under order of Assistant Commissioners" be added,

APPENDIX 47.

INDIAN INCOME-TAX (AMENDMENT) BILL.

No. 1988-F. Bombay Castle, 14 February 1927.

From Government of Bombay Finance Department to Chamber

I am directed to forward a copy of Government Resolution, No. 1983 dated 12th February 1927 and to request the favour of the opinion of your Chamber on the Bill, by the 10th April 1927, at the latest,

A BILL.

Further to amend the Indian Income-tax Act, 1922 for certain purposes.

WHEREAS it is expedient further to amend the Indian Income tax Act, 1922, for certain purposes hereinafter appearing; It is hereby enacted as follows :—

1. (1) This Act may be called the Indian Income-tax
Short title and com- (Amendment) Act, 1927.
mencement.

(2) It shall come into force on the 1st day of April, 1927.

2. In sub-section (2) of section 10 of the Indian Income-tax
Amendment of sec- Act, 1922 hereinafter referred to [as the
tion 10, Act XI of said Act,—
1927. XI of 1922.

(a) after clause (vii) the following clause shall be inserted,
namely:—

"(viii) in respect of the replacement of animals which have been used for the purposes of the business otherwise than as stock in trade and have died or become permanently useless for such purposes, the difference between the original cost to the assessee of the animals replaced and the amount, if any, realised or realisable in respect of the carcasses of animals, as the case may be; and

(b) after clause (ix) the following proviso shall be inserted, namely;—

"Provided that nothing in clause (viii) or clause (ix) should be deemed to authorise the allowance of any sum paid on account of any cess, rate or tax levied on the profits or gains of any business or assessed at a proportion of or otherwise on the basis of any such profits or gains".

3. In Clause (b) of sub-section (2) of section 14 of the said Act, Amendment of section after the words "his share in the firm" the words "at the time of such assessment" shall be added".

4. After section 25 of the said Act, the following Insertion of new section section shall be inserted, namely;—
25A in Act XI of 1922.

"25A. (1) Where any separation of interest occurs in any year Assessment in case of among the members of a Hindu undivided petition of Hindu undivided family of which any income, profits or gains have not been assessed to tax before the date of such separation, a separate assessment shall be made in respect of such income, profits or gains or, where such income, profits or gains have accrued or arisen or been received during a period exceeding one year, in respect of the income, profits or gains of each year or part of a year included in such period, and the sum or sums payable as tax in respect of such income, profits or gains shall, notwithstanding anything contained in sub-section (1) of section 14, be payable by the members or portions of the family who or which have become separate, in proportion to their respective shares in the family property as finally determined for the purpose of the separation.

(2) When any such separation occurs, notice of the separation shall be given to the Income-tax Officer within fifteen days thereof and, if such notice is not so given, the Income tax Officer may direct that to the amount of tax recoverable under sub-section (1) in respect of any assessment there shall be added by way of penalty such sum not exceeding that amount as he may determine.

(3) Where an assessment is to be made under sub-section (1), the Income-tax Officer may serve on any person who was a member of the undivided family immediately before the date of the separation a notice containing all or any of the requirements which may be included in a notice under sub-section (2) of section 22, and the provisions of this Act shall, so far as may be, apply accordingly as if the notice were a notice issued under that sub-section."

5. For section 26 of the said Act the following section shall be substituted, namely:—
 Amendment of section 26, Act XI of 1922.

"26. (1) Where any change has occurred in the constitution of a firm of which any income, profits or gains have not been assessed to tax before the date of such change, such income, profits or gains shall be deemed to be income profits or gains of the firm as constituted at the time of the making of the assessment, and the assessment in respect thereof shall be made accordingly.

Change in ownership of business, profession or vocation.

(2) Where any person has succeeded to any business, profession or vocation of which any income, profits or gains have not been assessed to tax before the date of such succession, a separate assessment in respect of such income, profits or gains, or, where such income, profits or gains have accrued, arisen or been received during a period exceeding one year, a separate assessment in respect of the income, profits or gains of each year or part of a year included in such period, shall be made on the person engaged in the business, profession or vocation at the time of the making of such assessment, and the sum payable as tax in respect of such income, profits or gains shall be the sum which would have been so payable if the succession had not occurred.

Explanation.--Where any person has succeeded to the business of a registered firm, the assessment shall be made as if the firm had continued to be a registered firm."

6. In sub-section (1) of section 35 of the said Act,--

**Amendment of section
35, Act XI of 1922.**

- (a) before the words "the Income-tax Officer may" the following words shall be inserted, namely,--

"The Commissioner or Assistant Commissioner may, at any time within one year from the date of any order passed by him in appeal or, in the case of the Commissioner, in revision under section 33 and";

- (b) for the words "of the assessment" the words "of the appeal, revision or assessment, as the case may be," shall be substituted;

- (c) for the words "such assessee" the words "the assessee" shall be substituted; and

- (d) in the proviso, for the words "the Income-tax Officer" the words "the Commissioner, the Assistant Commissioner or the Income-tax Officer, as the case may be" shall be substituted.

7. For sub-section (1) of section 42 of the said Act the following

**Amendment of section
42, Act XI of 1922.** sub-sections shall be substituted, namely,--

"(1) All profits or gains accruing or arising to any person, whether directly or indirectly, from any property in British India or from any business carried on or transacted in British India by such person or, in the case of a person not resident in British India, by any agency or branch in British India on his behalf, shall, notwithstanding that they are not received in British India, be deemed, within the meaning and for the purposes of sub-section (1) of section 4, to be income accruing or arising within British India and shall be chargeable to income-tax under the head "Property" or the head "Business", as the case may be, and, in the case of a non-resident person, shall be charged in the name of the

agent of such person, and such agent shall be deemed to be for the purposes of this Act the assessee in respect of such income-tax.

Provided that any arrears of tax may be recovered also in accordance with the provisions of this Act from any assets of a non-resident person which are, or may at any time come, within British India.

(1A) For the purposes of sub-section (1), the amount of the profits or gains which shall be deemed to have accrued or arisen in British India in respect of any merchandise exported from British India shall be the profits or gains which would have accrued or arisen if such merchandise had been sold at the port of export after delivery on board ship.

(1B) Nothing in sub-section (1) or sub-section (1A) shall be deemed to relieve from liability to tax any profits or gains which have been received in British India by or on behalf of any person.

(1C) Where any profits or gains have accrued or arisen to any person directly or the sale in British India by him or by any agency or branch on his behalf of any merchandise exported to British India by him or any agency or branch on his behalf from any place outside British India, the whole profits or gains arising from such transaction shall be deemed to have accrued and arisen and to have been received in British India, and no allowance shall be made under clause (ix) of sub-section (2) of section 10 in respect of any buying or other commission whatsoever not actually paid, or of any other amounts not actually spent, for the purpose of earning such profits or gains."

8. After sub-section (1) of section 46 of the said Act the Amendment or section following subsection shall be inserted, 46, Act XI of 1922. namely:—

“(1A) For the purposes of sub-section (1) the Income tax Officer may direct the recovery of any sum less than the amount of the arrears and may enhance the sum so directed to be recovered from time to time in the case

of a continuing default, so however that the total sum so directed to be recovered shall not exceed the amount of the arrears payable."

9. To section 48 of the said Act the following sub-sections shall be added, namely,—
Amendment of section 48, Act XI of 1922.

"(4) For the purposes of this section, "total income" includes in the case of any person not resident in British India, all income, profits and gains wherever arising, accruing or received, which, if arising, accruing or received in British India, would be included in the computation of total income under section 16.

(5) Nothing in this section shall entitle to any refund any person not resident in British India who is neither a British subject as defined in section 27 of the British Nationality and Status of Aliens Act, 1914, nor a subject of a State in India.

10. The provision to section 56 of the said Act shall be omitted.
Amendment of section 56, Act XI of 1922.

11. After section 65 of the said Act the following section shall be inserted, namely:—
Insertion of new section 65A in Act XI of 1922.

"65A. Nothing in clause (14) of section 2 condition requisite shall be deemed to require an Income-tax registration of a firm. Officer to register the prescribed particulars in regard to any firm if he is not satisfied that the profits and gains of the firm are distributed to the partners therein in proportion to their individual shares as specified in the instrument of partnership."

STATEMENT OF OBJECTS AND REASONS.

1. It has been held that draught animals and other live stock are not 'plant' within the meaning of section 10 (2) (vi) of the Income-tax Act, 1923 (XI of 1922). But as horses, bullocks, elephants, etc., used for draught purposes are analogous to 'plant,' it is proposed in clause 2 (a) of the Bill to permit an assessee in computing his income from business to deduct as a business expense the cost of the live stock purchased for use in his business (not as stock in trade) to replace his stock so used.

2. The Calcutta High Court have held that road cess levied on coal mines is an admissible deduction from the assessable profits of the mine. The cess though nominally levied on immoveable property is actually calculated with reference to the annual profits of the mines. It is therefore a tax on profits and generally speaking anything that is of the nature of a tax on profits is not allowed as a deduction in assessing income-tax. Moreover the Central Government have always contended that provincial or local taxes on profits should not take precedence of Central taxes on the same profits and if this principle is sacrificed, serious loss to Central revenues may result. Clause 2 (b) of the Bill makes it clear that an assessee is not entitled to deduct, in computing income, any sums paid to a local authority in respect of any tax (cess, rate, etc.) assessed on the basis of profits even though it may be nominally imposed on immoveable property.

3. The Act is silent as to the correct procedure for the assessment in the year following the one in which partition is effected in a Hindu undivided family. Clause 4 of the Bill provides for assessment in such cases.

4. There are conflicting rulings pronounced by the Bombay and Allahabad High Courts as to how the assessment should be made in the year, after there has been a change in the 'constitution' of an assessee, where for example, a firm has become a Company. While the Allahabad High Court have held that where a firm has become a Company, the assessment should be made as though the firm were still in existence at the time of assessment, the Bombay High Court

have ruled that the assessment should be made as though the Company had been in existence when the profits that have to be taxed were earned. Clause 5 of the Bill follows the Allahabad High Court ruling and also extends to income-tax the principle of the proviso to section 56 under which where there has been a change in the personnel of firm, the partners of the firm at the time of assessment are assessed to super-tax on the profits of the firm in the previous year with reference to the shares that each then holds.

5. It is necessary to confer on the Assistant Commissioners of Income-tax and Commissioners of Income-tax the power to rectify mistakes in their appellate or review orders which they do not at present possess. Clause 6 of the Bill confers such powers.

6. Clause 7 of the Bill makes the law more definite in regard to the assessment of the profits of (1) export trade conducted by (a) residents and (b) agencies or branches in British India of non-residents and (2) import trade conducted by agencies in or branches British India of non-residents. Section 42 of the Act which deals with the assessment of non-residents is vague and this is neither satisfactory from the view of the Government nor fair to the tax-payer. Moreover, conflicting decisions on this subject have been pronounced by the High Courts of Madras, Calcutta and Rangoon.

7. At present an Income-tax Officer has no power to impose a penalty of less than the maximum and to increase it successively up to the maximum should the default in payment of tax be persisted in by the assessee.

8. Following the British Income-tax law, it is proposed to withhold the grant of refunds under section 48 (small incomes relief) in respect of dividends of Companies and interest on Indian securities from non-residents who are not British subjects of Indian States, while refunds to non-resident British subjects or subjects of Indian States will be allowed and calculated not with reference as at present to the claimant's income taxable in British India but with reference to his total income wherever derived which would be taxable if it accrued, arose or was received in British India. To non-residents who are not British subjects except subjects of Indian States there

seems to be no reason why India should be more generous than the United Kingdom. As the law at present stands, large sums are refunded to non-resident share-holder's many of whom may be in receipt of considerable income in other countries and the non-residents therefore enjoys an unfair advantage over residents in British India. Clause 9 of the Bill gives effect to the above proposal.

9. At present many bogus partnership deeds are produced for registration before the Income-tax Officers under section 2 (14) of the Act even when the accounts are incomplete and show no division of profits amongst the partners. It appears, therefore, desirable to provide that a firm should not be registered unless it not merely files a deed of partnership specifying the partners' shares, but also actually divides the profits in accordance with those shares. Clause 11 of the Bill gives effect to the proposal.

BASIL P. BLACKETT.

No. G-1044 20th May 1927.

From Chamber to the Government of India, Finance
Department, Simla.

Sir,

With reference to the letter from the Government of Bombay, Finance Department, dated the 14th February 1927 No. 1988-F, I am directed to send to you hereby the views of the Committee of this Chamber on the subject of the Bill to amend the Indian Income Tax Act, 1922. A copy of this letter has been sent to the Government of Bombay, as the original could not be sent to them, the Government of Bombay having already despatched their views to the Government of India.

2. At the outset, my Committee wish to bring to the notice of the Government general feeling in Indian commercial circles. Whilst it was being felt from the very start of the Income Tax Department that non-Indians were being treated by income-tax

offices with consideration verging almost on respect, Indians and even the best amongst them were always being regarded by that office with suspicion, and secondly were treated with very scant consideration. Latterly unfortunately this treatment of the Indian commercial community specially by the Income Tax Department all over the country has been described by many respectable Indians as nothing short of harrassment of them. They are obliged to make these observations as the grievance has now become an acute one and my Committee have been receiving time after time complaints from different sources with regard to this. What they are afraid of is that this new amending Bill is not calculated to redress or reduce that grievance of Indian businessmen but under the guise of taxing foreigners is intended to rope in subjects of Indian States. The treatment of Indian business community till now does not make my Committee hopeful regarding the outcome of the amending Bill. It may be stated here that if the Indian Income Tax Act was being properly and fairly worked both with regard to Indians and non-Indians the difference in the revenue accruing to the Government of India would have been immense. My Committee will feel greatly obliged if they could be favoured with a statement by the Government regarding the income-tax and super-tax paid during, say, the last five years by Indians and Europeans in this country without giving names. As an instance of the harrassment to which Indian businessmen are put, my Committee may mention that income-tax is levied on even the deposits laying with Shroffs (Indian bankers), while no such enquiries are made with regard to deposits or current accounts with Banks, or European offices and Mills. Such a procedure is bound to be a sure handicap to indigenous banking. With these general observations conveying the disapproval of my Committee of the changes proposed to be made in the Bill, specially those suggested in Clause 7, I am to offer a few remarks on the clauses of the Bill.

3. My Committee are unable to appreciate the change advocated in clause 7 of the present Bill, because as far as any profits accruing or arising in British India are concerned, they are already taken care of in the charging sections of the Income-Tax Act

of 1922, Section 42 of that Act in fact provides the machinery for collection of such tax from non-residents and there is no reason why it should now be sought to be turned into a charging section. My Committee further consider that the terms of the new section provided in the Bill are altogether too wide and will bring under its operations not only profits arising from trade but also those arising from finance by non-residents of persons resident in British India. They consider this very undesirable as it will put an unnecessary burden on the concerns that may be trying to secure finance outside India, because such non-resident financier will either insist on the resident borrowers paying the necessary income tax or will include a sufficient percentage as extra interest with the rate of interest charged by him to cover him for any deduction of any tax that he may have to pay. The charging of income-tax on any interest earned by such a financier might frequently prove to be inequitable in practice, particularly in the case of Banks who borrow at one rate and lend at another in this country thereby making a small margin which alone will be their profits. The same remarks apply to the export and import trade and to the method provided in sub-section (1) a. and (1) b, of Clause 7, of the Bill arriving at the figure of probable profits of the non-resident. It is entirely wrong to assume that the difference between the price at which the goods have been bought in this country and the price which might prevail on the date when they are put on board the ship must be a profit of the foreign buyer. In practice, what frequently happens is that a merchant in Japan or Germany may have sold cotton to a spinner on his side at a particular price involving a loss on his own then view of the market. If the market continues to go up and if all the difference is going to be assumed as his profit and income-tax charged on it, it will be obviously unfair, because the man would be asked to pay a tax on profits which he never made and in spite of the loss he might be smarting under. My Committee are afraid that the section suggested in the present Bill show on the part of the drafter an entire ignorance of the practice of the wholesale export and import trade and they strongly recommend that the

whole of the present clause (7) should be dropped, because the assumed profits in several cases may not be there and the imposition of such a tax on such imaginary profits would be not only inequitable but would seriously hamper the development of trade.

4. To take a concrete instance, cotton business is mostly done for export on the basis of sale for shipment several months in advance from date of such sale. Thus cotton may be sold by A in Bombay in September to B in Japan for shipment February-March and B in Japan may have sold the cotton to a spinner. What not infrequently happens is that B in Japan first sells to the spinner on the basis of, say, Rs. 250 per khandy and then tries to cover through his agent A in India and if the market is against him, he may be compelled to cover even at Rs. 255 or 260. The agent A in Bombay would immediately buy futures at that level and thus protect himself till the arrival of cotton to the market in February. Then A would, if the market has gone up, buy the actual cotton at, say, Rs. 300 a khandy and sell his holdings of futures, the profit on such futures covering the loss he would make in having to ship cotton values at Rs. 300 per khandy against sale at Rs. 255.

5. It will be easily seen that the foreign buyer B would have made an actual loss of Rs. 5 per khandy; his agent A in Bombay would have made a few rupees on his sale by covering himself with purchase of future and yet under the section as now proposed B would be supposed to have made a profit of (300-255) Rs. 45 per khandy and the Income-tax Officer would be compelling A in Bombay to pay income-tax on behalf of the foreign buyer B on that imaginary profit. My Committee trust that this one instance, which is typical of thousands of transactions in all leading export commodities, should be enough to show Government the absurdity of the clause as now proposed and they would, therefore, strongly recommend that the whole of Clause 7 (1a, 1b and 1c) should be omitted and the following substituted in its place, viz:—

42(1) " All profits or gains accruing or arising to any person not residing in British India whether directly or indirectly from any trade carried on or transacted in British India

by any agency or branch in British India on his behalf shall be chargeable to income-tax under the appropriate head and shall be charged in the name of the agent of such person and such agent shall be deemed to be for all purposes of this Act the assessee in respect of such income tax.

Provided that any arrears of tax may be recovered also in accordance with the provisions of this Act from any assessee of a non-resident person which are or any time come within British India."

6. My Committee consider the insertion of the proviso after the clause 7 in Section 10 of the Act as undesirable and detrimental to the development of trade and industries because the cess, rate or tax levied by any local authority, whatever the form of its assessment, has got to be paid, if the particular business has to be carried on and therefore it should be allowed to be deducted in determining the net figure of income, otherwise the levying of such cess, rate or tax by the different authorities on the same net income might reduce the income to such a low figure and discourage enterprise.

7. In Clause 3 of the Bill it is proposed to add the words "at the time of such assessment" My Committee think the words should be

"during the accounting period for which such assessment is levied"

because the date when such assessment may be made may be several months after such period and the shares of individuals may have varied.

8. With regard to the amendment of Section 25A (2), the period of notice for separation of a joint Hindu family is "within 15 days of such separation." My Committee think that this amendment will work very harshly upon the Hindu joint family. In their opinion there is no necessity for making any such provision, as information under Section 38 is required to be returned and the form 'D' already contains a provision with regard to such information as may be required regarding membership of joint Hindu families

and a further additional information may be required in the same form is found necessary. There is no necessity, therefore, for this amending Clause and my Committee suggest that this sub-clause (2) of Clause 4 should be deleted.

9. With regard to Clause 5 of the amending Bill to make certain changes in Section 26 of the Act, my Committee suggest that in sub-section (1) of section 26, the following words should be added;

"In proportion of their shares in profits,"

They also suggest that the following words should be added to the Explanation of sub-section (2) of Section 26 :-

"Except the successor is an individual. In that case, the successor shall be assessed in his own capacity."

In the opinion of my Committee a person shall not be considered the successor unless he takes up goodwill and continues the name of his predecessor in business. Mere taking over stock should not be considered as succeeding in business.

10. With regard to Clause 6 of the Bill, my Committee suggest that in sub-section (1) of Section 35 of the Income Tax Act, 1922 instead of the words "from the date of any demand" the following should be substituted :-

"From the end of the year in which the demand is made."

They further suggest that in sub-section (1) of Section 35 after the words "and shall within the like period", instead of the words 'rectify any such mistake which has been brought to his notice by assessee', the following should be substituted;—

"amend the assessment made upon an assessee in absence of accounts, if any assessee finds that he is over-assessed and the assessee shall have all rights under the Income-tax Act for a fresh assessment including registration."

APPENDIX. 48

INDIAN INCOME-TAX (SECOND AMENDMENT) BILL,

No. 1988-F G, 43 Bombay Castle, 27th September 1927.

**From the Government of Bombay, Finance Department
to Chamber.**

I am directed to forward a copy of Government Resolution No. 1988 dated 27th September 1927 and to request the favour of the opinion of your Chamber on the Bill, by the 1st December 1927, at the latest,

A

BILL.

*Further to amend the Indian Income-tax Act 1922,
for certain purposes*

WHEREAS it is expedient further to amend the Indian Income-tax Act, 1922, for certain purposes hereinafter appearing ; It is hereby enacted as follows :—

1. (1) This Act may be called the Indian Income-tax (Second
Short title and com- Amendment) Act, 1927.
mencement

(2) It shall come into force on the 1st day of April, 1928.

2. In section 2 of the Indian Income-tax Act, 1922 (hereinafter
Amendment of section referred to as the said Act),—
2, Act XI of 1925.

(a) after clause (6) the following clause shall be inserted,
namely :—

“(6A) ‘firm’ ‘partner’ and ‘partnership’ have the meanings assigned to them in the Indian Contract Act, 1872” ; and

(b) for clause (14) the following shall be substituted, namely :—

“(14) ‘registered firm’ means a firm ‘registered under the provisions of section 39 A;”

3. In sub-section (4) of section 23 of the said Act, after the amendment of section 23, Act XI of 1922. words "judgment the words "and" in the case of a registered firm, my cancel the registration and assess it as if it were unregistered" shall be added.

(4) After section 23 of the said Act, the following section shall Insertion of new section be inserted namely.—
23A in Act XI of 1922.

"23A, (1) Where any firm or other association of individuals Power to assess individual members of certain firms, associations and companies. formed for the purpose of carrying on any business, other than a Hindu undivided family or a company, is such that only one member thereof is competent to bind the firm or association by his acts, the Income-tax Officer may with the previous approval of the Assistant Commissioner, pass an order that no assessment on the firm or association as such shall be made, and may thereupon include in the total income of each individual member thereof for the purpose of his assessment his share in the profits and gains of the firm or association.

(2) Where a company

- (a) restricts the right to transfer its shares, or
- (b) limits the number of its members (exclusive of persons who are in the employ of the company) to fifty or less, or
- (c) prohibits or makes no provision for any invitation to the public to subscribe for any share or debentures of the company,

and the Income-tax Officer is satisfied that the company is under the effective control of not more than five members, he may with the previous approval of the Assistant Commissioner, pass an order that no assessment on the company as such shall be made, and may thereupon include in the total income of each individual member thereof for the purpose of his assessment his share in the profits and gains of the companies"

5. For section 28 of the said Act, the following section shall

Amendment of section 28, Act XI of 1922. be substituted namely :-

" 28 (1) If the Income-tax Officer, the Assistant Commissioner or the Commissioner, in the course of any proceedings under this Act, is satisfied that an assessee has concealed the particulars

Penalty for concealment of income or improper distribution of profits.

of his income or has deliberately furnished inaccurate particulars of such income, and has thereby returned it below its real amount he may direct that the assessee shall, in addition to income-tax payable by him, pay by way of penalty a sum not exceeding the amount of the income-tax which would have been avoided if the income so returned by the assessee had been accepted as the correct income.

(2) If the Income-tax Officer, the Assistant Commissioner or the Commissioner, in the course of any proceedings under this Act, is satisfied that profits of a registered firm have not been distributed in accordance with the shares of the partners as shown in the instrument of partnership registered under this Act, or with any declaration made under this Act as to the time of distribution of such profits, and that any partner has thereby returned his income below its real amount, he may direct that such partner shall in addition to the income-tax payable by him, pay by way of penalty a sum not exceeding the amount of income-tax which would have been avoided if the income returned by such partner had been accepted as his correct income; and no refund or other adjustment shall be claimable by any other partner by reason of such direction.

(3) No order shall be made under sub-section (1) or sub-section (2), unless the assessee or partner, as the case may be, has been heard, or has been given a reasonable opportunity of being heard,

(4) No prosecution for an offence against this Act shall be instituted in respect of the same facts on which a penalty has been imposed under this section.

(5) An Assistant Commissioner or a Commissioner, who has made an order under sub-section (1) or sub-section (2), shall forthwith send a copy of the same to the Income-tax Officer."

6. In section 30 of the said Act,—

Amendment of section
30, Act XI of 1922.

(a) in sub-section (1) after the words "Income-tax Officer", where they occur for the second time, the words "and any firm objecting to an order of an Income-tax Officer refusing registration under sub-section (3) of section 39A" shall be inserted; and

(b) in sub-section (2) after the words "under section 27", the words "or to register the firm under sub-section (3) of section 39A" shall be inserted.

7. In sub-section (3) of section 31 of the said Act, between

Amendment of section clause (c) and the proviso, the following
31, Act XI of 1922. words and clause shall be inserted,

namely:—

"or, in the case of an order under sub-section (3) of section 39A,

(d) confirm such order, or cancel it and any proceedings in relation to the assessment of the firm which the Income-tax Officer may have taken subsequent thereto, and direct the Income-tax Officer to make a fresh assessment, and the Income-tax Officer shall thereupon proceed to make such fresh assessment."

8. At the beginning of sub-section (1) of section 32 of the said

Amendment of section Act, the words "Any firm, association or
32 Act XI of 1922 company objecting to an order passed by an Income-tax Officer under section 23A, and" shall be inserted.

9. After section 39 of the said Act, the following section shall

Insertion of new section be inserted, namely.
39A in Act XI of 1922.

"39A: (1) Application may be made to the Income-tax Officer on behalf of any firm, constituted under an instrument of partnership specifying the individual shares of the partners, for registration for the purposes of this Act and of any other enactment for the time being in force relating to income-tax or super-tax.

(2) The application shall be made by such person or persons, and at such times, and shall contain, in addition to a declaration as to the time of distribution of the profits of the firm, such other particulars and shall be in such form as may be prescribed; and it shall be dealt with by the Income-tax Officer in such manner as may be prescribed.

(3) The Income-tax Officer may inquire into the incidents of the partnership, and may refuse to register any association of individuals which, in his opinion, is not a firm."

10. In sub-section (2) of section 54 of the said Act, after the Amendment of section 54, Act XI of 1922. first proviso, the following proviso shall be inserted, namely :—

"Provided, further, that nothing in this section shall apply to the production by a public servant before a Court of any document, declaration or affidavit filed, or the record of any statement or deposition made in a proceeding under section 39A, or to the giving of evidence by a public officer in respect thereof."

11. After section 66A of the said Act, the following section shall be inserted, namely :—
Insertion of new section 66B in Act XI of 1922

"66B, (1) Nothing in sub-section (2) or sub-section (3) of section 66 shall apply to an order under section 32 where by the Commissioner decides an appeal against an order of an Income-tax Officer under section 23A.

(2) In such cases the firm, association or company may, by application accompanied by a fee of one hundred rupees, require the Commissioner to refer, to the High Court any

question of fact or law arising out of the order, and the Commissioner shall, within one month of the receipt of such application, draw up a statement of the case and refer it with his own opinion thereon to the High Court, together with all documentary or oral evidence produced before him and the High Court shall decide thereon all questions of fact and law raised thereby.

- (3) The provisions of sub sections (4), (5), (6), (7) and (8) of section 66 shall, as far as may be, apply to such references, for this purpose the term, "assessee" shall be deemed to include an applicant firm association or company, and the term "assessment" to include any assessment made on an individual consequent upon the original order of the Income-tax Officer.
- (4) The provisions of section 66A shall apply to references to the High Court under this section :

Provided that nothing in this sub-section shall be deemed to authorise an appeal to His Majesty in Council on a question of fact."

STATEMENT OF OBJECTS AND REASONS.

The Government have been considering for some time, in consultation with the commercial community and the officers of the Income-tax Department, the best methods of rendering illegal certain practices, now legal, which are adopted by persons desirous of evading the payment of income-tax and super-tax, and the Bill proposes to give the taxing authorities the necessary powers to check such evasion.

2. Broadly speaking, the proposals in the Bill are—

- (1) to define a 'firm', 'partner' and 'partnership' in the same sense as in the Indian Contract Act, 1872 ;
- (2) to give discretion to the Income-tax Officer to treat as separate assessee the individuals comprising any association carrying on business, of which only one member is competent to bind the association by his acts ;

- (3) to give the Income-tax Officer discretion to treat the members of a company as separate assesseees if the company restricts the right to transfer shares or limits the number of shareholders, exclusive of employees, to 50, or does not invite, or permit subscription to its shares or debentures by the public; and is under the control of not more than five members;
- (4) to permit the production by public servants before a Court of all documents or information relating to the registration of firms;
- (5) to impose penalties for failure actually to distribute shares of the profits of a firm in accordance with the provisions of the deed of partnership registered under the Income-tax Act; and
- (6) to give discretion to the Income-tax Officer to treat a registered firm as an unregistered firm if it fails to make a return of its income or to produce accounts or other documents called for by the Income-tax Officer.

3. The powers under (2) and (4) in paragraph 2 above will be exercised by the Income-tax Officer, with the previous approval of the Assistant Commissioner, and an appeal will lie against the orders of the Income-tax Officer to the Commissioner of Income-tax. Against the appellate order of the Commissioner, it is proposed to allow a reference to the High Court both on questions of fact and on questions of law instead of on questions of law only as in all other matters arising under the Income tax Act.

BASIL P. BLACKETT,

No. G. 1989, 8th December 1927.

From Chamber to the Government of Bombay

Finance Department Bombay.

I am directed to send to you hereby the views of the Committee of this Chamber with regard to the above subject as asked for in your letter under reference :—

Clause 2:--With regard to this Clause, it may be stated that if the intention of the Government is to accept the definitions and meanings assigned to the words "firm", "partner" and "partnership" as defined under the Indian Contract Act, 1872, then there is no reason why there should be a separate definition with regard to "registered firm". Moreover it may be stated that the definition of "registered firm" as defined under Section 2 (14) at present will serve the purpose as the Income-tax authorities have been entrusted with sufficient powers to deal with the individual partnership deeds produced before them. If notwithstanding this opposition of my Committee the proposed change is effected, they hope that Government will use this proposed machinery in extreme cases in which it could be made out that the intention of the firm or company is to evade its proper quota of tax. If a firm produces its partnership deed which complies with all the requirements of the Contract Act as to definition of a "partnership" there is no reason why such partnership deed should not be admitted by the Income-tax authorities and the firm treated as a registered firm for income-tax purposes.

Clause 3:--My Committee are also opposed to the amendment of section 23 as proposed, as powers given to the Income Tax Officers are already too wide.

Clause 4:--With regard to Clause 4 Section 23 (a2), it is likely to affect the private as well as public joint stock companies and would be an indirect interference in the management of these companies from the Income-tax authorities. It would be very difficult under this clause to distinguish a genuine company from a bogus company and it is apprehended that this clause may be applied at the whim of the Income-tax authorities to even a bona fide company having less than fifty members. The doctrine of control is rather a dangerous weapon which, if applied, may bring either a private or a public company under the category of this clause. Moreover there is a departure from the practice of assessment existing at present in view of the fact that instead of the Income-tax Officer assessing the company or the firm under this new clause previous

approval of the Assistant Commissioner is to be obtained. It may, therefore, be stated that the Income-tax Officer as at present be empowered to levy the assessment thereby giving the right to the assessee to approach the Assistant Commissioner who will pass an order after hearing the assessee but if the Clause is allowed to stand as it is the assessee loses his right of making an appeal to the Assistant Commissioner as there is no likelihood of his changing his own order on an application by the Income-tax Officer.

Clause 5: As regards new Section 28 (1), my Committee beg to suggest that it should be provided that a refund should be given in cases where a larger payment is made in mistake by the assessee.

As regards new Section 28 (2), my Committee object to this clause as the maximum penalty laid down at present under the same section is a sum not exceeding the amount of Income-tax which would have been avoided if the income as declared by the assessee had been accepted as correct by the Income-tax authorities. Whereas under the new clause for the default of one of the partners for declaring wrong income the other partners are denied the right of claiming refund of proportionate tax paid by them at the aggregate rate. This amounts to exacting penalty from the firm in excess of the amount of tax which could have been evaded by concealing the income. This is considered illegal under the present provisions of the Act.

As regards new Section 28 (3), my Committee suggest that it should be provided that the Officer who makes the order should note the reasons which have led to his decision.

Clause 6: My Committee are in favour of this Clause.

Clause 7: My Committee suggest that the following words be added;

"And all the Provisions of this Act shall apply as if it was an original assessment,"

Clause 8 My Committee are opposed to the amendment of Section 32 in the manner proposed. They suggest that the original words, "any assessee" should be retained and that the pro-

posed words, "any firm, association or company objecting to an order passed by an Income-tax Officer under Section 23 (a)" should not be accepted as amendment.

Clause 9. As regards new Section 39 (a) (2), my Committee suggest the addition of the following words.

"IN ACCORDANCE WITH THE PROVISIONS OF THIS ACT."

As regards new Section 39 (a) (3), my Committee suggest that it should be deleted as it is not clear as to what is meant to be conveyed by the words "which is not a firm."

Clause 10: My Committee are opposed to the changes suggested in this Clause and suggest the deletion of the proposed proviso.

Clause 11. My Committee do not see any objection to Section 66 (b) 2, 3 being retained and the provision entirely deleted as it prevents the assessee objecting to an Income-tax Officer's order from making an appeal to His Majesty in Council.

APPENDIX 49.

Income-tax on Private Provident Fund Contributions.

No. G. 1536 27th July 1927.

From Chamber to the Central Board of Revenue
Government of India, Simla.

The attention of the Committee of this Chamber has been recently drawn by their member, Messrs. Tata Sons & Co., Agents for the Svadeshi Mills Company, Limited, Bombay, to the question of the levy of income-tax on contributions to private provident funds.

2. My Committee have carefully gone through the representation made by the said member to your Board regarding the desirability of getting the Income-tax Act amended so that contri-

butions (including interest) made by any employer to any Provident Fund as also the interest on employers' contributions to the fund may be exempted from the Income-tax, and realise the force of arguments advanced therein for the desired changes in the law. The issues raised by the question under reference have a far-reaching effect on all the employees and employers through the whole of India wherever the Income-tax Act applies, and as such they should be carefully considered before your Board may issue final orders on the same. They are sorry to find that the weighty reasons advanced by the Company in question are treated so lightly both by the Income-tax Office, Bombay, and your Board. For an important point like this the commercial community may rightly look forward to your Board as a final authority for its proper solution. My Committee cannot subscribe to view for obvious reasons that the the employers' contributions with interest and the interest on the employees' contributions to the Provident Funds to which the Provident Fund Act did not apply constitute income under "salaries" and as such are liable to taxation at source. The interpretation of the local income-tax authorities regarding the accumulated balances of Provident Funds seems to my Committee very strange, for the same can never be classified under "salaries" by any stretch of imagination. The consolidated sum that is paid to a retiring employee from the Provident Fund constitutes his capital from which he hopes to earn a regular monthly income. My Committee can understand the levy of income-tax authorities to levy Income-tax on such monthly incomes if at all they reach the taxable capacity. They will be much obliged if your Board will kindly enlighten them as to the justification of classifying such payments, under the heading "salaries" and thus wrongly empowering the Income-tax authorities to levy income-tax on the same. The main idea underlying the system of Provident Fund is this, that the employee may get at the end of his service a decent consolidated sum which would enable him to maintain his family in his old age. The Provident Funds to which the Provident Fund Act, 1897, applies are not liable to pay the income-tax on the (1) interest on securities, (2) capital sums paid as accumulated balances at the credit of subscribers to such

funds, and (3) contributions paid by subscribers to such funds upto a certain limit. The private Provident Funds which are not registered under this Act do not enjoy these privileges. My Committee entirely agree with the view that the reason for treating these funds on different grounds does not hold good when the accumulated balance of the Provident Fund money is actually paid to the employee. The employee in the case of a private Provident Fund should be as much entitled to receive the accumulated balance to his credit free of tax as the employee in the case of the privileged funds. The case put forward by the Agents of the Swadeshi Mills Company, Limited, is a just one, and I am directed by my Committee to request your Board to be good enough to reconsider the same and arrange to amend the Income-tax Act in the manner suggested by the Company so as to remove the glaring anomaly from the same.

D.A. Dis. No. 670. (i) I.T./27 7th October 1927.

From Central Board of Revenue to Chamber.

In reply to your letter quoted above I am directed to say that the question of amending the Provident Fund Act so as to permit of its being extended to private Provident Funds is under the consideration of the Government of India. If the Provident Funds Act is so amended, private Funds to which its provisions are extended will be on the same footing so far as the Income-tax Act is concerned as Government Provident Funds.

2. The Board has already issued instructions that where a payment is made to an employee from a private Provident Fund that constitutes a genuine irrevocable Trust, no part of such payment should be treated as salary liable to taxation by deduction at the time of payment since the Trust is not the payee's employer.

APPENDIX 50.

**Proposed substitution of non-refundable terminal-tax for
the existing town duties in Bombay**

No. G. 113. 21st January, 1927.

**From Chamber to the Government of Bombay Revenue,
(Transferred) Department, BOMBAY.**

My Committee will be much obliged if you will be good enough to supply them with a copy of a letter addressed by Government sometime in 1926 to the Bombay Municipality regarding Terminal Tax, at your early convenience.

No. 5671-1298-A., 15th February 1927.

**From the Government of Bombay General Department
to Chamber.**

As requested in your letter No. G. 113, dated the 21st January 1927, I am directed to forward for the information of your Chamber a copy of the Government letter no. 5671, A, dated the 18th November 1926 addressed to the President, Municipal Corporation, Bombay, on the above subject.

(Copy).

No. 5671-A.,

**General Department Bombay Castle, 18th
November 1926.**

**From - C. W. A. Turner, Esquire, I. O. S. Secretary to the Govern-
ment of Bombay, General Department,**

To - The President, Municipal Corporation, Bombay.

**Subject :—Substitution of a non-refundable terminal tax for the exist-
ing town duty.**

SIR,

I am directed to refer to the Corporation's letter no. 3724, dated the 9th July 1925, submitting a proposal to substitute for the existing town duty levied under section 192 of the City of Bombay Municipal

Act, 1888, a non refundable terminal tax on a large number of articles imported into Bombay by rail or sea and requesting Government to undertake the necessary legislation to give effect to it.

2. Before Government was approached by the Corporation with a view to this change being effected, the various public bodies in Bombay requested that they might be afforded a full opportunity of expressing their views when the question of the proposed taxation came before Government. It was clear that a feeling of disquietude existed among certain important sections of the public in Bombay as to the possible results of the proposed taxation, Government therefore thought it desirable to invite the opinions of the various public bodies in Bombay on the proposal of the Corporation when it was received.

3. The replies received from the following bodies and persons show that the proposals of the Corporation are meeting with strenuous opposition :—

Bombay Chamber of Commerce,
Bombay Port Trust,
Associated Chambers of Commerce,
Agent, G. I. P. Railway,
Agent, B. B. & C. I. Railway,
Japan and Shanghai Silk Merchants' Association,
Bombay Shroff Association,
Indian and European Merchants.

The opposition is based on general principles and especially on the danger of diverting trade from Bombay. The arguments against the proposed terminal tax have been so fully set out in the representations of the various bodies especially those of the Chamber of Commerce, Bombay Port Trust, Agents, G. I. P. Railway and B. B. & C. I. Railway, copies of which are appended herewith, for the information of the Corporation, that Government do not think that any amplification of them is necessary in this letter.

I am further to invite the attention of the Bombay Corporation to the views expressed by the Indian Taxation Enquiry Committee on the general undesirability of a terminal tax and the danger of such a tax degenerating into a mere transit duty.

5. I am desired to request that the Corporation may be moved to re-examine the whole question in the light of the objections raised by the various local bodies, and the views of the Indian Taxation Enquiry Committee. If the Corporation, after carefully weighing all the pertinent facts and giving their full consideration to the whole situation, especially the probable ultimate effect of the proposal on the trade of Bombay, still desire to press for a non-refundable terminal tax, they may be requested to submit their case again to Government giving their full reasons for disregarding the various objections raised against the proposal by the public bodies of Bombay already mentioned, and the views of the Taxation Enquiry Committee on the general undesirability of a terminal tax.

6. I am further to suggest that the Corporation may be asked to consider whether a Profession tax is feasible in Bombay and, if so, to state the approximate figure of revenue that would be obtainable from it.

I have the honour to be, Sir,
Your most obedient servant,
Sd.- C. W. A. Turner,
Secretary to the Government of Bombay,
General Department.

No. G. 308, 23rd February 1927,

**From Chamber to the Government of Bombay General
Department Bombay.**

With reference to your letter No. 5671-1298-A, dated the 15th February 1927, enclosing a copy of letter No. 5671-A, dated 12th November 1926, from the Government of Bombay to the President, Bombay Municipal Corporation, on the above subject, I am directed to request you to be good enough to let my Committee know which were the bodies consulted by the Government of Bombay with regard to the terminal tax and also to state why my Committee were not consulted with regard to the same. The Government of Bombay may not be unaware that my Committee hold strong views in favour of the terminal tax and against the continuance of the present town

duties and they addressed the Bombay Municipal Corporation on 6th February and 9th March 1925 with regard to this question, copies of which are attached herewith for ready reference.

No. 5671-2686-II-A, 16th March 1927.

**From the Government of Bombay General Department
to Chamber.**

With reference to your letter No. T. G.-308, dated the 23rd February 1927, on the above subject, I am directed to say that at their request the following bodies and persons only were consulted by Government :—

The Bombay Port Trust,

The Agent, G. I. P. Railway.

The Agent, B. B. & C. I. Railway.

Government did not think it necessary to invite the opinions of other bodies and Associations including the Indian Merchants' Chamber as some of them had already expressed their opinions in the representations made by them to the Corporation and others had sent in their views to Government before they were called for.

2. From your letter No. T.-509, dated the 20th April 1925, addressed to the Bombay Port Trust, it was assumed that the Indian Merchants' Chamber did not wish to contest the principle of a terminal tax but was opposed to any new taxation by the Corporation which would impose any additional burden on the trade of Bombay,

No. G. 496 25th March 1927.

**From Chamber to the Government of Bombay
General Department Bombay.**

With reference to your letter No. 5671—2686—II-A, of the 16th instant, I am directed to request you that in view of this letter if any fresh proposals come before the Government of Bombay from the Bombay Municipal Corporation or otherwise, they will be pleased to send the same to my Committee for their opinion.

No. 260 15th June 1927.

From Bombay Municipality to Chamber.

I have the honour to state that the accompanying letter from the Secretary to the Government of Bombay, General Department, No. 5761-A, dated the 18th November 1926, regarding the question of substituting a non-refundable Terminal Tax for the existing Town Duty is under the consideration of the Revenue and General Purposes Committee of the Corporation. A meeting of the Committee will be held in the Corporation Hall on Thursday the 30th June 1927 at 5 P.M. (Bombay Time), to consider the question,

I am desired by the Committee to request you to be so good as to move your Chamber to depute a representative to attend the meeting and to help them in their deliberations on the subject.

No. 1252 22nd June 1927.

From Chamber to the Bombay Municipality, Bombay.

With reference to your letter No. 260 dated the 15th June 1927, I am directed by my Committee to inform you that Mr. Mathuradas Kanji Mattani and myself will represent this Chamber at the meeting of the Revenue and General Purposes Committee of the Corporation to be held on Thursday, the 30th June 1927 at 5 p. m. (B. T) to consider the above mentioned question.

Bombay, 11th August 1927.

Report of the Representatives of the Indian Merchants' Chamber.

We were nominated as representatives of the Committee of the Chamber to go before a Sub-Committee of the Bombay Municipal Corporation and to state the views of the Committee of the Chamber with regard to the question of the Terminal Tax.

A meeting of the Municipal Sub-Committee was held on the 30th June 1927 at 5.45 P.M., when both of us were present. There were also present representatives of the Bombay Chamber of Commerce, Bombay Port Trust, and the Bombay Trades Association.

In the beginning, Mr. Clayton, the Municipal Commissioner, made a statement to the effect that the object of the Municipal Corporation was not to raise more revenue, but to raise through the Terminal Tax a revenue which would be almost the same as the average for the last five years. He also added that the refundable Town duty which was in vogue upto this time was not popular, as it caused a lot of inconvenience and harrassment.

Mr. Neilson, representing the Bombay Port Trust, said that the Municipal Commissioner had taken up a new ground altogether. What they had understood upto this time was that the Municipal Corporation wanted to make a big revenue out of the proposed Terminal Tax, but what they were told now was that there would be no additional revenue raised by the Terminal Tax and that the revenue would be the same as the average for the five years from the refundable town duty. The proposal now put forward by the Municipal Commissioner will be considered by the Port Trust on its merits when a scheme embodying the said proposal is submitted. Mr. Winterbotham, representing the Bombay Chamber of Commerce, observed that his Chamber also were opposed to the Terminal Tax in any shape whatsoever on the ground that the Municipality was entitled only to tax those commodities which were actually consumed in the City. The Bombay Chamber was against any tax howsoever small on merchandise that were not used in the City. He quoted the opinion of the Taxation Enquiry Committee in support of his Chamber's views. His Chamber was in short against any change but favoured the *status quo*.

We said that our Committee have protested almost since the inception of the Chamber against the refundable Town duty which was both vexatious and harrassing and that they were in favour of a non-refundable Terminal Tax, provided that the income which was raised from this new source was not more than the income raised from the refundable Town duty. Mr. Matani also emphasised that the expense of collection of the revenue which was about Rs. 1,50,000, should also be deducted from the average for purposes of computing the amount which was to be raised by taxation by means of the Terminal Tax. He also pointed out that

the merchants were put to a good deal of expenditure in getting their refund. He added that the Town duty as actually in force now included many commodities that were not consumed in the City. The *status quo*, therefore, did not support Mr. Winterbotham's contention. The President then asked if the Committee of the Indian Merchants' Chamber would like to retain the present list of articles for purposes of taxation or whether they would like to add to the list some other articles. We suggested that this question should be referred to our Committee, but said that our Committee would probably be in favour of adding to the list, so that the incidence of taxation on each article might be less and the articles of necessity like grain and flour and ghee might be exempted from taxation altogether.

We were informed ultimately that a fresh reference would be made to the different Commercial Institutions with regard to this particular question and that in the meanwhile the Municipal Sub-Committee themselves would try to arrive at a decision with regard to the main principle, if a non-refundable Terminal tax was better than a refundable Town duty or not.

The original ground for substituting the non-refundable Terminal Tax was for the enhancement of the revenue of the Municipality. Now that the Commissioner has proposed not to substantially increase the revenue on this head, we apprehend that the Municipality is not likely to pursue this question. On the other hand our Committee should take this matter up in earnest as the Municipal Commissioner has expressed his views in favour of the contention that the Municipality will not increase any revenue on this head. The Terminal Tax while doing away with all harrassment and corruption will save the merchants the cost of collection of their refund, and the Municipality will also be benefited by savings in expenditure incurred for such refunds. As the Municipality now collects the duty at its maximum limit prescribed by law, they have no fear to lose any prospective income under this head, if they fix the amount on the basis of present collections.

After the President had thanked all the representatives for attending the meeting of the Sub-Committee, all of us retired.

MATHURADAS CANJI MATANI,
J. K. MEHTA,

No. 135 19th January 1928.

From Chamber to the Bombay Municipality, Bombay.

With reference to the correspondence ending with this office letter No. O. 1252 dated 22nd June 1927, my Committee will be much obliged if you will be good enough to inform them as to what further progress has been made in the matter above referred to.

No. 10564 21st January 1928.

From Bombay Municipality to Chamber.

With reference to your letter No. 125, dated the 19th January 1928, enquiring how the question of the Terminal Tax stands at present, I have the honour to state that the Corporation have approved of the principle of the imposition of the Tax in substitution of the Town Duties and have requested the Revenue and General Purposes Committee to prepare a schedule, in consultation with the Commissioner, in such a way that it should include for the present those items which are at present liable to Town Duties with such slight alterations as are strictly necessary and that the rates therefor to be so fixed as to produce approximately the same revenue as is now being realised from Town Duties. The question of preparing the schedule accordingly is under the consideration of the aforesaid Committee.

APPENDIX 51.

Assessment of duty on Mild Steel bars and rod cuttings.

No. G. 554-30th March 1927

From Chamber to the Director General of Commercial Intelligence & Statistics, Calcutta.

The attention of the Committee of this Chamber has been drawn to the fact that in consequence of the assessment of duty on mild steel bars and rod cuttings being equal to that charged on common merchant bars and rod cuttings, the import of cuttings has been largely reduced. With a view to revive this trade which is

greatly in the interests of poor consumers, my Committee beg to suggest that round and square mild steel bars and rods cuttings of the lengths of 2 to 3 feet and flat cuttings up to the length of 9 feet be taken up as a new item in the statutory Tariff Schedule and that either a lower valuation be fixed for this item or they should be charged as Ad Valorem. My Committee are writing from now in order to enable you to move the Government of India for the necessary sanction so that the proposed change can be made in the next tariff valuation,

No. 3231, Calcutta, the 11th April 1927.

From the Director-General of Commercial Intelligence and Statistics to Chamber.

With reference to your letter No. G. 554 dated 30th March 1927 on the above subject, I shall be much obliged if you will be so good as to explain your point more clearly in the light of the new classification of steel bars and rods adopted by the Steel Industry (Protection) Act, 1927, and incorporated in the Tariff Schedules for the nine months April to December 1927 which have been just issued.

No. G. 1460 18th July 1927.

From Chamber to the Director General of Commercial Intelligence and Statistics, Calcutta.

With reference to your letter No. 3231 dated 11th April 1927, I am directed by my Committee to inform you that in view of the explanation offered by you re: the tariff valuation of mild steel bar and rod cuttings they have now nothing to say in this connection. As regards your letter regarding revision of tariff valuation of polished steel bars, my Committee will be glad to bring forward their point of view at the time of the next annual tariff valuation.

APPENDIX 52**Tariff Valuation of polished bars including Steel Shafting.**

No. 604, 6th April 1937.

From Chamber, to the Director General of Commercial Intelligence and Statistics, Calcutta.

I am directed by my Committee to write to you in connection with the present tariff valuation of Belgium polished bars including mild steel shaftings whether key wayed or not. These articles at present are assessed at 10% and the tariff valuation for the purposes of collecting the custom duty is fixed at Rs. 240 per ton. As far as my Committee know, this valuation was based on prices of these articles prevailing in 1925. In that year the price of shafting was between £17 and 18 per ton C. I. F. Bombay, whereas the present price rules between £ 12 and £ 12-10-0 per ton. The price of these shaftings in 1926 ruled between £ 12 and £ 13 and on the 25th March 1927 Belgium shafts were quoted at £ 11-7-6 per ton C. I. F. Bombay. Even looking to the average price of these articles in 1926, the tariff valuation for 1927 would appear to be fixed rather high and the merchants feel themselves to be heavily taxed. Looking to the loss they have to suffer through this heavy tariff valuation, viz. Rs. 240 per ton, my Committee beg to request you to move the Government of India to be pleased to revise the present tariff valuation for the remaining period of this year and thereby give the much-needed relief to the merchants. In view of the present prices of these articles, the tariff valuation should be somewhere between Rs. 150 and Rs. 160 per ton.

It is hoped that you will kindly get the present tariff valuation revised for this year as well as note the continued downward tendency of the prices at the time of fixing the same for the next year.

No. 5854, Calcutta, the 23rd June 1927.

From the Director-General of Commercial Intelligence and Statistics to Chamber.

With further reference to your letter No. G. 604 of the 6th April last, I write to say that I have made careful enquiries into the prices of the above goods ruling at the principal ports in India and I regret my inability to recommend any reduction in their tariff valuation at present.

I would point out in this connection that tariff valuations are intended to correspond not to the c. i. f., prices of the articles, but to their wholesale market prices less customs duty and are revised annually on the basis of the prices of the various qualities of an article imported at the principal ports during the twelve months preceding each revision. This system of annual revision implies that the valuations should not be altered either upwards or downwards in the course of the calendar year, unless there is an abnormal rise or fall in prices.

APPENDIX 53.

Revision of the Form of Tariff Valuation Schedules.

No. 6810, Calcutta, the 19th July, 1927.

From the Director-General of Commercial Intelligence and Statistics, to Chamber.

The Government of India propose to discontinue the present practice of appending the complete Tariff Schedules to the notification prescribing the revised tariff valuations each year and to annex in future only a list of tariff-valued articles showing the revised valuations. This has raised the question of simplifying the form of this Department publication of the Tariff Schedules, and of bringing it into line with the Statutory Schedules and the tariff valuation notification in the proposed modified form. Two alternative forms have been suggested for this purpose, and I enclose a few specimen pages drawn up in each form. I shall be much obliged if you will kindly place them before the Committee of your Chamber and let me know which of them they would prefer.

2. I should perhaps briefly explain the salient features of the existing and proposed forms. The Tariff Schedules, although a reprint of the Statutory Schedules II and III, differ from them in wording and arrangement of heads. In the letter the heads are grouped, according to rates of duty, into several parts each of which is again sub-divided into four main classes, viz., (I) Food, drink and tobacco, (II) Unmanufactured articles, (III) Manufactured articles and (IV) Miscellaneous. In the Tariff Schedules, however, the arrangement by parts is dispensed with and the heads are grouped, irrespective of their rates of duty, under the four main classes mentioned above. Further, the heads, although they follow the statutory wording, are amalgamated with tariff-valued heads. In both the proposed forms, A & B, the duty heads have been separated from the valuation heads and have the statutory wording and number, but while form A follows statutory order of heads, form B follows mostly the order of the existing publication. Form A has a table of contents attached at the beginning grouping the item nos. according to different classes of articles and present alphabetical index will be attached at the end in a much enlarged form.

No. G. 1827 24th August, 1927.

**From Chamber to the Director General of Commercial
Intelligence & Statistics, India. Calcutta.**

With reference to your letter No. 6810, dated the 19th July 1927 re: above, I am directed by my Committee to inform you that they approve of the proposed form-'B' for the revision of the Tariff Schedules.

APPENDIX. 54

Import duty on Confectionary exported from India
No. G. 310 23rd February 1927.

**From Chamber to the Government of India Department
of Commerce, New Delhi.**

I am directed to send to you herewith copy of a letter addressed by a member of the Chamber to my Committee and to request you to

be good enough to inform me at your early convenience if the facts stated therein are correct, and if so what action Government propose to take in the matter,

(Copy.)

From D. Writer & Co. to Chamber,

Bombay 16th February 1927,

Dear sirs,

We are manufacturers of confectionary which we also export to some extent to Ceylon and at times at Africa and Busrah.

We beg to draw your attention to the disability we suffer from the export and import duty of Government on Confectionery as follows.

The English product thought it pays 30% duty it on the Sugar used in the manufacture of of confectionery, the finished product (Confectionery) when exported to India, Ceylon and Africa gets full drawback of sugar duty. Thus when the confectionery reaches Ceylon, though 15% of Import duty is levied by the Ceylon Government on such products, the English confectionery exported to Ceylon gets a preference of 15% upon similar products made in India and exported to Ceylon. We therefore beg to draw the attention of Indian Government to this handicap and request that the full drawback of duty on sugar used in the manufacture of Indian confectionery should be repaid when exported to Ceylon and other places and thus relieve the disqualifications the Indian confectionery is now suffering

We shall thank you for your approaching the Indian Government at an early date on this question on behalf of the trade in confectionery and remain,

Yours faithfully,
D. Writer & Co.,

D. Dis. No 382--Cus-27.

Simla the 5th May 1927 .

FROM GOVERNMENT OF INDIA FINANCE DEPARTMENT
(CENTRAL REVENUES) TO CHAMBER.

I am directed to refer to the letter quoted above.
2. The Government of India understand that such arrangements as

are described do exist in the United Kingdom. There are, however, no corresponding provisions in Indian law for the grant of drawback of duty on sugar used in the manufacture of exported confectionary. The Government of India have before them a proposal to amend the Customs law so as to allow of drawbacks of the duty paid on raw materials used in the manufacture of exported goods. If the proposal is accepted by Government and by the Legislature, applications from persons interested will receive due consideration.

APPENDIX 55.

Substitution of cess for export duty on raw hides and skins.

No. 5369-D. Bombay Castle, 26th September 1927.

From the Government of Bombay General Department
to Chamber.

I am directed by the Government of Bombay (Transferred Departments) to forward herewith a copy of Government Resolution No. 5369, dated the 26th September 1927, on the subject of levy of export duty on raw hides and to request that Government may be favoured with the views of your Chamber on the proposals referred to therein.

Government of Bombay, General Department,
Resolution No. 5369.

Bombay Castle, 26th September 1927.

Letter from the Government of India, No. 75-T (17), dated the 17th August 1927.

"I am directed to address you on the subject of the export duty on raw hides. As the Government of Bombay is aware, the last Indian Finance Bill provided for the removal of the existing duty of 5 per cent, but the voting on an amendment to continue the duty resulted in a tie, and the President, in accordance with the usual Parliamentary procedure, gave his casting vote in favour of the *status quo*,

2. "The Government of India have carefully reconsidered the question, and they recognise that the voting in the Assembly reflected a definite and well-balanced conflict of interests. After examination of the most recent figures available, they are of opinion that the advantage to the exporter of raw hides from the removal of the duty would to some extent be counterbalanced by the disadvantage to the tanning industry, and they doubt whether there would be any appreciable benefit, at any rate in many parts of India, to the primary procedure. In these circumstances they might hesitate again to press upon the Indian Legislature a proposal to remove the duty.

3. "On the other hand, the Government of India are opposed in principle to export duties except as a revenue necessity, which can no longer be regarded as justifying an export duty on hides. Moreover, the World Economic Conference recently convened by the League of Nations considered that "export duties should only be resorted to, to meet the essential needs of revenue or some exceptional economic situation or to safeguard the vital interests of the country". And it recommended that "in any case, export duties on raw materials should never be imposed for the special purpose of subjecting foreign countries using such materials to an increased burden which will place them in a position of unfair inferiority as regards the production of the finished article". These recommendations had the unanimous support of the delegates of all countries, including India. The delegates to this Conference were appointed for their personal qualifications. They did not in any way bind their Governments nor were they qualified to act as spokesmen of an official policy. The Government of India, therefore, are not in any way bound by these recommendations or committed to accept them. Nevertheless it must be recognised that the unanimous recommendations of so authoritative a Conference cannot lightly be disregarded.

4. "The Government of India think that it might be regarded as a satisfactory solution of the difficulty, if the export duty were replaced by cess, which would be administered by a Committee representing all interests concerned and would be

expended for the benefit of the industry as a whole. It is generally recognised that cesses of this nature have been of great advantage to the cotton industry, to the tea industry and to the lac industry. And in this speech to the Associated Chambers of Commerce at Cawnpore in December last, His Excellency the Viceroy announced that the Government of India would favourably consider proposals to impose similar cesses for the development and organisation of other industries.

5. "The Government of India recognise that such a proposal" should ordinarily be initiated by the trades concerned, and that without their support and co-operation it would be useless to proceed with it. In this case, however, when the Bill which first imposed an export duty on hides and skins was before the Indian Legislative Council, the Honourable Mr. W. E. (Sir Erskine) Crum, speaking on behalf of the Bengal Chamber of Commerce, strongly urged that part of the duty should be set aside for such a purpose. Since then the proposal has been discussed more than once. And now that the Government of India no longer find it necessary to claim the whole proceeds of the export duties on hides and skins for revenue purposes, it seems opportune to consider whether the balance could not be profitably utilized in the manner first indicated by Mr. Crum.

"6. The objects on which the proceeds of a cess might usefully be spent, would include:—

- (1) Improvement in the methods of drying and preserving raw hides and the prevention of adulteration ;
- (2) Improvement in the methods of tanning including
 - (a) the training of tanners.
 - (b) the supply of tanstuffs, and
 - (c) technological investigation;
- (3) Organisation of marketing, grading, etc.

It will be seen that these objects touch very closely the economic life of the people, in the villages as well in the towns, and it seems clear that they are not likely to be fully attained by the activities of

the trade alone. The co-operation of the Local Governments and their Departments of Industries appears to the Government of India to be an essential condition of success.

"7. In the view of the Government of India, therefore, "it would be necessary to constitute a Committee for the administration of the proposed cess on the lines of the Indian Central Cotton Committee, that is, including representatives of the Local Governments. The Indian Central Cotton Committee was constituted on the recommendations of the Indian Cotton Committee of 1919. And it does not seem desirable to set up a similar organisation for the leather industry without some preliminary investigation. In the opinion of the Government of India, there is no necessity in this case for any elaborate or prolonged survey. What they would suggest is a small *ad hoc* Committee, including representatives of the export trade, the tanning industry and the Local Governments, which would report on the following points :—

(1) The articles on which a cess might suitably be imposed, and the rate of cess on each article;

(2) The constitution and personnel of the Committee which would administer such a cess; and

(3) The functions of the Committee, and the objects on which the cess might be expended.

In regard to the first point of reference, if the case is to be utilised for the benefit of the industry as a whole it would have to be considered whether it should be levied on skins as well as on hides, on the tanning industry as well as on the export trade.

"It is thought that an *ad hoc* Committee with these restricted terms of reference, should be able to submit a report on which a Cess Bill could be based without undue delay.

"8. I am now to request that the Government of Bombay after consulting the commercial and other interests concerned, will give the Government of India their views on these proposals, and in particular on the proposed appointment of an "*ad hoc* Committee and on the terms of reference."

Resolution. Copies of the letter from the Government of India should be forwarded to the Collector of Bombay (Department of Industries), the Commissioners of Divisions and the Commissioner in Sind and they should be requested to favour Government with their views after consulting the interests concerned on the proposals made by the Government of India and in particular on the proposed appointment of an *ad hoc* Committee and on the terms of reference to the Committee. Copies of the letter should also be forwarded to the Chambers of Commerce, Bombay and Karachi and the Indian Merchants' Chamber, Bombay for favour of expressing their views on the proposals made by the Government of India.

By order of the Government of Bombay

(Transferred Departments),

A. H. DRACUP,

Under Secretary to Government,

No. G. 2652 10th November 1927.

**From Chamber to the Government of Bombay
General Department, Bombay.**

I am directed to acknowledge receipt of your letter No. 5369 D, dated the 24th September 1927, and send hereby the views of my Committee on the proposals of the Government of India regarding the replacement of Export duty on raw hides and skins by a cess and appointment of a representative *ad hoc* Committee to consider the details in that connection:—

My Committee have, in the first place, no objection to the substitution for the export duty levied at present on raw hides of a cess which would be administered by a Committee representing all interests concerned for the benefit of the industry as a whole. They are in favour of this change provided the proposed cess is levied on hides and skins exported from India and on those used for indigenous industry and local consumption. It appears from the proposals of the Government of India contained in their communication that they suggest the possibility of levying a cess on all the produce of raw skins and hides irrespective of the

nature of their use (that is to say, not only on the export but also on that portion of the raw produce which is being utilised by the indigenous industry). If the cess is also intended to be levied on the raw hides and skins used by the Indian tanning industry the main object of giving protection to the same will be defeated. My Committee therefore, strongly recommend that the proposed cess should only be levied on the raw produce exported from India to foreign countries. I am directed by my Committee in this connection to draw the attention of the Government of India to the repeated requests of the Tanning Industry of this country for an increase in the export duty on raw hides and skins the present duty falls very short of its avowed object viz: the protection to the indigenous industry and my Committee had sometime back strongly supported the suggestion of the Southern India Hide & Skin Merchants' Association, Madras, regarding an increase of 10 percent in export duty on raw hides and skins. They, therefore, strongly recommend that the proposed cess should be levied at 5 percent only but that it should be considerably increased (preferably to 15), so as to achieve the object all have in view viz: protection of the Indian tanning industry. It is hoped that the Government of India will be pleased to accede to this legitimate demand of the indigenous industry in view of the growing competition from abroad.

With regard to the appointment of a representative ad hoc Committee for consideration of the details as mentioned in the letter of the Government of India, my Committee approve of the same,

APPENDIX 56

Annual Revision of Tariff Valuations for Hides and Skins.

No. 1412, C.I. C, Calcutta, 22-10-1927.

From the Director General of Commercial Intelligence
and Statistics to Chamber.

With reference to my letter No. 3562 of the 9th May, 1921, I write to say, for the confidential information of your

Chamber, that it is proposed to revise the values of hides and skins for export duty with effect from 1st January, 1928, and I enclose a statement showing the values which it is proposed to bring into effect from that date.

If you desire to put forward any criticisms of the rates proposed, I shall be glad if you will kindly let me have them at as early a date as possible before the 2nd November next. In order to avoid misapprehension, I would add that these rates are intended to represent averages at the major Indian ports of all the grades under each heading exported from India.

No.	Names of Articles.	Per	Proposed	tariff
				valuation
			Rs.	As. P.
5. Raw Hides and Skins if Exported				
from any Place in British India other than Burma.				
(1)	Arsenicated and air-dried hides	Framed,	lb.	0 9 6
(a)	Cows (including calf skins)	Unframed	„	0 5 6
(b)	Buffaloes (including calf skins)	Framed	„	0 6 6
		Unframed	„	0 4 6
(2)	Dry salted hides			
(a)	Cows (including calf skins)	...	„	0 6 0
(b)	Buffaloes (including calf skins)	...	„	0 3 6
(3)	Wet Salted hides			
(a)	Cow (including calf skins)	...	„	0 4 0
(b)	Buffaloes (including calf skins)	...	„	0 2 6
(4)	Goat and kid skins		Piece	1 8 0
(5)	Sheep skins	...	„	0 15 0

No. G, 2714 16th November 1927.

**From Chamber to Director General of Commercial
Intelligence & Statistics, Calcutta.**

I am directed to acknowledge receipt of your letter No. 9412 C. I. C., dated 22nd October 1927, forwarding a statement showing the values of hides and skins for export duty with effect from 1st

January 1928, and to state that the same should be increased by 25 percent in view of the high prices ruling in the market during the current year. As the prices of these articles have considerably gone up, it is hoped that the Government will be pleased to fix the tariff values as suggested above.

Public Enquiry Committees and Commissions.

APPENDIX 57

Report of the Backbay Enquiry Committee.

No. G. 330 Bombay, 24th February 1927.

From Chamber to the Government of Bombay General Department, Bombay.

The Committee of this Chamber have gone through report of the Mears Committee with feelings of deep regret. The Mears Committee was appointed in response to popular agitation of such a strong character as is but rarely witnessed and it was naturally expected that this Committee, in their review of the past, would not hesitate to apportion blame where it was due. My Committee while noting the dignified and sober tone of the whole document, feel that the Mears Committee have not done justice to the whole issue by utilising the facts at their disposal to apportion blame to the Governments which were responsible. In the opinion of my Committee sufficient facts were given out in evidence, both written and oral, to justify condemnation of both the Government of Bombay and the Government of India for their handling of the Back Bay Reclamation project. The Committee write that the failure of the Government of Bombay and the Government of India and in particular the failure of Sir Sydney Cruickshank to notice the varying description of clay contained in (a) Mr. Kidd's report, (b) Sir George Buchanan's report and (c) Messrs. Siemens & Co.'s letter of 12th September 1919 and the general conditions enclosed with that letter, are regrettable. They also state that the report of Mr. Kidd and of Sir George Buchanan were not studied with due and proper care by the Government of Bombay and that of India, respectively, and that the Government of Bombay ought to have approached the Bombay Port Trust

and the Royal Indian Marine for permission to dredge in this harbour before deciding on dredging as the mode of reclamation. This is a statement of facts that may Committee cannot improve upon. The Development project was one which was likely to involve the Presidency in an expenditure of crores of rupees and yet the Government of Bombay, presided over by the then Sir George Lloyd, and assisted by different Executive Councillors chosen for their experience of Public Affairs and Administrative capacity, failed to notice the very serious differences between the report of Mr. Kidd and that of Sir George Buchanan, and allowed the latter practically a *carte blanche* with regard to the initiation of this scheme nor did they care to enquire of the Port Trust and the Royal Indian Marine whose experience should have been considered as of utmost importance by those in power at the time. Had the Government of Bombay taken sufficient pains to study all these reports and to make proper enquiries, they would not have made the representation they did to the Government of India with regard to this scheme. Similarly, the Mears Committee state that they are surprised that the acute intelligence of Lord Lloyd overlooked the utter inadequacy of Sir George Buchanan's figures, even though he held the belief that the 1912 figures of Mr. Kidd were to some extent inflated and also that Lord Lloyd, when reading Sir George Buchanan's report did not notice that Sir George Buchanan described the clay as hard, whilst Messrs. Siemens & Company were putting forward an offer for a soft clay dredger. The Mears Committee do not agree with Lord Lloyd that it was a technical point and say that the discovery of the apparent contradiction between the character of the clay as described by Sir George Buchanan and Messrs. Siemens & Company did not need any technical knowledge. It is in the first place a contradiction to say that Lord Lloyd and the Government of Bombay were justified in accepting Sir George Buchanan as the Expert to report on Mr. Kidd's scheme and that having taken the man recommended by the Government of India the proper and suitable course was to treat his opinion as final and authoritative. My Committee agree with Sir Grimwood Mears when he said that adjectives were not required to make condemnation strong and real. At the same time, to dispose of the whole case against the Government of Bombay with the expression

"regrettable" falls much short of what is necessary in the matter. The public of Bombay Presidency have suffered grievously, and the City of Bombay in particular has to pass through a severe depression partly as a result of the Back Bay activity. It is no compensation for all these things to say that the failure of the Government of Bombay was regrettable or to express surprise at the want of quick perception on the part of Lord Lloyd. It was not only Sir Sydney Cruickshank who failed but the whole of the Government of India, for they, in their joint responsibility, accepted the recommendation of the Government of Bombay and, as my Committee are given to understand, even proceeded to length of advancing rupees two crores as a loan to the Government of Bombay to carry out this scheme when the funds provided by the Government Development Loan were exhausted. Had it not been for this loan the Government of Bombay would have been obliged to come on the market for their required funds and to satisfy the public that the management and administration of the new project was going on satisfactorily. The Government of India can still make good the losses the Presidency has been put to through their lack of close scrutiny of the scheme at least to the extent of writing off the loan advanced to the Government of Bombay. It was not only the Government of Bombay but also the Government of India who were affected by the fever of speculation which was raging then. My Committee consider it unjust and unfair that the Government of India should now claim to get Block No. 8 for their military purposes at the contract rate. Both the Government of Bombay and the Government of India have been responsible for the original miscalculation of figures of cost and it is but fair that the Government of India should now pay not the rate contracted for but the actual cost of Block No. 8. This is the least that they can do to redress the wrong done to the Presidency and the City.

My Committee also regret to observe that the Mears Committee report is silent as to the manner in which the scheme was prosecuted in its later stages. The evidence given by the officials responsible in one way or another for the conduct of the undertaking was sufficient to prove the want of organisation displayed at every stage, and it is not necessary to call to aid the testimony of non-official witnesses on this point. It would be difficult to recall a single instance which in

an undertaking of this kind was handled in the irresponsible manner in which the Back Bay Scheme was allowed to be conducted. The report also fails to realise the intensity of public feeling when it deals out a half-apologetic condemnation of the way in which the public was misled all the time as to the progress of the work. Public opinion, both European and Indian, has severely condemned the Government of Bombay in this connection, and yet the Mears Committee pass it by with a mild reproof to an individual officer. My Committee cannot but conclude that the Mears Committee were none too anxious to apply themselves to the disagreeable task of conducting a fearless investigation into the past such as was demanded by the public, and the tone of their report bears out their anxiety to deal as gently as possible with the men responsible for the ghastly failure of the Scheme.

My Committee have before now protested against Blocks Nos. 2 and 7 being taken up by the Government for reclamation. They again reiterate their deepest regret and protest that Block No. 2 should have been taken up despite the protest of the Indian commercial community and that Block No. 7 should have been taken up despite the unanimous disapproval of the Kay Committee and want of approval of the Mears Committee as also the emphatic protest of the general public and especially the business community. It is unfortunate that this Damocle's Sword is left hanging over the public of the Bombay Presidency and the Bombay City in particular, by the recommendation of the Mears Committee with regard to a promenade of three hundred feet estimated to cost rupees seventeen lakhs. My Committee have always and incessantly urged that no further reclamation should be undertaken and that the whole of the Development Department should be liquidated. The construction of this promenade at such a heavy cost will mean offering a permanent inducement to any future Government of Bombay to take up again the remaining blocks for reclamation. In fact, the Mears Committee themselves state in their recommendation No. 11, that when a demand arises for completing the whole reclamation, the work may be carried out by moorum filling exclusively. My Committee are afraid that such an expression of opinion will be taken advan-

tage of by some future Governments to take in hand the ill-fated reclamation scheme and to place further burdens upon the Presidency of Bombay. What my Committee want is a definite assurance by the Government of Bombay that the promenade will not be undertaken and that no further development of the Back Bay will be taken up. My Committee would have liked the Government, as urged in their previous representations, not to take up Block No. 7. Unfortunately, my Committee understand that the work on that block has already proceeded very far; but nothing has so far been done on Block No. 2. My Committee now urge that all the work on Blocks No. 2 and 7 should be stopped immediately and the dredgers should be scrapped. This with an assurance that the Development Department will be liquidated immediately and that no further reclamation will be taken up will be the only step which will satisfy public opinion and allay public anxiety. It is but due to the taxpayers and the general public that these assurances should be forthcoming from the Government of Bombay. My Committee cannot understand why a recommendation is made to the effect that the Corporation of Bombay should share the cost of development. The Municipal Corporation of Bombay had nothing to do with the reclamation and were not taken into confidence by the Head of the Government or by the Government themselves at any time. My Committee therefore, disagree with this recommendation entirely.

No. 130/ (S. B.) Bombay Castle, 29th March 1927.

**From the Government of Bombay Development
Department to Chamber.**

I am directed to refer to your letter No. G. 330, dated the 24th February 1927, addressed to the Secretary to Government, General Department, regarding the Back Bay Reclamation Scheme, and to say that the report of the Mears' Committee is still under the consideration of the Government of India, and that the Government of Bombay are not therefore in a position to discuss the first two paragraphs of the Chamber's letter.

2. With regard to the last paragraph of the letter under reply, I am to say that the Government of Bombay have recently explained

in the Legislative Council their policy in regard to the Back Bay Reclamation Scheme, and that nothing can now be usefully added to the statements made by Government in the course of the budget debates.

No. G. 791 20th April 1927.

**From Chamber to the Government of Bombay
General Department, Bombay.**

With reference to your letter of the 29th March 1927, No. 130 (S. B), my Committee will be much obliged if you will be kind enough to inform them, as to when the views of the Government of India are expected to be published on the Report of the Mear's Committee.

No. 130/(S. B) Bombay Castle, 10 May 1927.

**From the Government of Bombay Development
Department to Chamber**

I am directed to refer to your letter No. G. 791, dated the 20th April 1927, addressed to the Secretary to Government General department, and to state that this Government is not in a position to say when the views of the Government of India on the report of the Mears' Committee will be published.

No. G. 1012 18th May 1927.

**From Chamber to the Government of India Department
of Industries and Labour Simla.**

The Committee of this Chamber will be much obliged if you will be good enough to inform the views of the Government of India on the Report of the Back Bay Enquiry Committee will be published.

No. G. 1331. Simla, the 31st May 1927.

**From Government of India Department of Industries
and Labour to Chamber.**

With reference to your letter No. G. 1012, dated the 18th May 1927, I am directed to inform you that the Government of India do not propose to publish any views on the Report of the Back Bay Enquiry Committee.

ANNUAL REPORT OF THE

No. G 1144 8th June 1927.

**From Chamber to the Government of Bombay
Development Department Bombay.**

With reference to your letter No. 130 (S. B.) dated 29th March 1927, I am directed by my Committee to send to you herewith a copy of the letter of the Government of India, Department of Industries and Labour dated 31st May 1927, No. Mis. 81 re. their views on the Report of the Backbay Enquiry Committee, which they hope will be found interesting.

APPENDIX 58.

The Royal Commission on Indian Agriculture.

No. 49-RC 2415 Dated Camp, 7th December 1926.

**From the Assistant Secretary to the Royal
Commission on Agriculture to Chamber.**

With reference to your letter No. T2396, dated the 2nd December 1926, I have the honour to forward herewith 10 copies of the Questionnaire issued by the Royal Commission on Agriculture, and to say that your replies, if any, thereto should reach this office before 24th February 1927,

No. T2485 13th December 1926,

From Chamber to the Royal Commission on Agriculture.

I am directed to acknowledge, with thanks, the receipt of ten copies of the questionnaire issued by the Royal Commission on Agriculture, forwarded by you with your letter No. 49-RC/2415, dated the 7th December 1926, and to state that my Committee are considering the questionnaire and their views will be sent to you as soon possible.

**Royal Commission on Agriculture:
Questionnaire.**

Note.

The attached questionnaire is designed to give to individuals possessing the most diverse experience in agriculture and rural matters an opportunity for placing before the Commission their views on those

subjects with which each individual is himself particularly familiar. It is not intended to put anyone to the trouble of answering the questionnaire as a whole, unless he wishes to do so.

It will be for the Commission to decide whether they will hear oral evidence on replies to this questionnaire.

To facilitate the work of dealing with the replies it is desired that *the answer should be written on one side of the page only, that the answers to each question should be written on separate sheets of paper and that each sheet of paper should be clearly marked with the number of the question to which it refers.*

So far as possible please make your replies self-contained, and avoid references to documents other than Government Publications or such papers as you yourself may enclose with your reply to the questionnaire.

All communications should be addressed to the Joint Secretaries to the Royal Commission on Indian Agriculture, Camp, and the address of the sender should be clearly stated.

Copies of the questionnaire can be obtained from the Joint Secretaries on application.

Terms of reference for the Royal Commission on Agriculture.
Generally,

To examine and report on the present conditions of agriculture and rural economy in British India and to make recommendations for the improvement of agriculture and the promotion of the welfare and prosperity of the rural population.

In particular to investigate—

- (a) the measures now being taken for the promotion of agricultural and veterinary research, experiment, demonstration and education, for the compilation of agricultural statistics, for the introduction of new and better crops and for improvement in agricultural practice, dairy farming and the breeding of stock ;
- (b) the existing methods of transport and marketing of agricultural produce and stock ;
- (c) the methods by which agricultural operations are financed and credit afforded to agriculturists ;

(d) the main factors affecting rural prosperity and the welfare of the agricultural population ;
and to make recommendations.

It will not be within the scope of the Commission's duties to make recommendations regarding the existing system of land-ownership and tenancy or of the assessment of land revenue and irrigation charges, or the existing division of functions between the Government of India and the local Governments. But the Commission shall be at liberty to suggest means whereby the activities of the Governments in India may best be co-ordinated and to indicate directions in which the Government of India may usefully supplement the activities of local Governments.

Royal Commission on Agriculture in India.

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QUESTIONNAIRE.

Name

Address,

PART I.

1 Research.

(a) Have you suggestions to advance for the better organisation, administration and financing of—

- (i) All research affecting the welfare of the agriculturists, including research into the scientific value of the indigenous theory and traditional methods of agriculture,

- (ii) Veterinary research ?

(b) If in cases known to you progress is not being made because of the want of skilled workers, or field or laboratory facilities for study or by reason of any other handicaps, please give particulars, [Suggestions of a general kind should be made under (a); answers under this heading should relate to specific subjects. The purpose is to secure a list of the problems met with by scientific investigators in the course of their work which are being held over because of lack of resources or deficient organisation.]

(c) Can you suggest any particular subject for research not at present being investigated to which attention might usefully be turned ?

2. Agricultural Education.

With reference to any form of agricultural education of which you may have experience, please state your views on the following :—

- (i) Is the supply of teachers and institutions sufficient?
- (ii) Is there an urgent need for extension of teaching facilities in any district or districts known to you personally?
- (iii) Should teachers in rural areas be drawn from the agricultural classes?
- (iv) Are the attendances at existing institutions as numerous as you would expect in present circumstances; if not, state reasons. Can you suggest measures likely to stimulate the demand for instruction?
- (v) What are the main incentives which induce lads to study agriculture?
- (vi) Are pupils mainly drawn from the agricultural classes?
- (vii) Are there any modifications in existing courses of study which appear to be called for; if so, what are they?
- (viii) What are your views upon (a) nature study; (b) school plots; (c) school farms?
- (ix) What are the careers of the majority of students who have studied agriculture?
- (x) How can agriculture be made attractive to middle class youths.
- (xi) Are there recent movements for improving the technical knowledge of students who have studied agriculture?
- (xii) How can adult education in rural tracts be popularised?
- (xiii) In suggesting any scheme for better educational facilities in rural areas, please give your views for (a) its administration and (b) its finance.

3. Demonstration and Propaganda.

(a) What are the measures which in your view have been successful in influencing and improving the practice of cultivators?

(b) Can you make suggestions for increasing the effectiveness of field demonstrations?

(c) Can you suggest methods whereby cultivators may be induced to adopt expert advice?

(d) If you are aware of any striking instances of the success or the failure of demonstration and propaganda work, please give particulars and indicate the reasons for success or for failure.

4. Administration.

(a) Do you wish to suggest means towards the better co-ordination of the activities of the Governments in India or to indicate directions in which the Government of India may usefully supplement the activities of the local Governments?

(b) Is it your opinion that the expert scientific knowledge required in the development of agriculture in the different Provinces could be supplied to a greater extent than is the case at present by increasing the scientific staff of the Government of India? If so, indicate the types of work which would benefit by pooling the services of experts and suggest how that work should be controlled.

(c) Are you satisfied from the agricultural standpoint with the services afforded by—

- (i) The Agricultural and Veterinary Services,
- (ii) Railways and steamers,
- (iii) Roads,
- (iv) Meteorological Department,
- (v) Posts, and
- (vi) Telegraphs, including wireless?

If not, please indicate directions in which you think these Services might be improved or extended.

5. Finance.

(a) What are your views as to the steps that should be taken for the better financing of agricultural operations and for the provision of short and long term credit to cultivators?

(b) Do you wish to suggest means whereby cultivators may be induced to make fuller use of the Government system of *taccavi*?

6. Agricultural indebtedness.

(a) What in your opinion are:

- (i) the main causes of borrowing,
- (ii) the sources of credit, and
- (iii) the reasons preventing repayment,

(b) What measures in your opinion are necessary for lightening

agriculture's burden of debt? *e. g.* should special measures be taken to deal with rural insolvency, to enforce the application of the Usurious Loans Act, or to facilitate the redemption of mortgages?

(c) Should measures be taken to restrict or control the credit of cultivators such as limiting the right of mortgage and sale? Should non-terminable mortgages be prohibited?

7. Fragmentation of Holdings.

(a) Do you wish to suggest means for reducing the loss in agricultural efficiency attendant upon the excessive subdivision of holdings?

(b) What are the obstacles in the way of consolidation and how can they be overcome?

(c) Do you consider legislation to be necessary to deal with minors, widows with life interest, persons legally incapable, alienation and dissentients, and to keep disputes out of the courts?

PART II.

8. Irrigation.

(a) Name any district or districts in which you advocate the adoption of new irrigation schemes, or suggest extensions or improvements in the existing systems or methods of irrigation by--

(i) Perennial and non-perennial canals,

(ii) Tanks and ponds,

(iii) Wells.

What are the obstacles in your district or province to the extension of irrigation by each of the above methods?

(b) Are you satisfied with the existing methods of distributing canal water to cultivators? Describe the methods that have been employed to prevent wastage of water by evaporation and by absorption in the soil. What form of outlet for distribution to cultivators at the tail end do you regard as the most equitable and economical? Have these methods and devices been successful, or do you wish to suggest improvements?

(N.B.—Irrigation charges are not within the terms of reference of the Commission, and should not be commented upon.)

9. Soils.

(a) Have you suggestion to make

- (i) for the improvement of soils, whether drainage or other means, not dealt with under other headings in this questionnaire,
- (ii) for the reclamation of Alkali (Usar) or other uncultivable land,
- (iii) for the prevention of the erosion of the surface soil by flood water?

(b) Can you give instances of soils known to you which, within your recollection, have—

- (i) undergone marked improvement,
- (ii) suffered marked deterioration?

If so, please give full particulars.

(c) What measures should Government take to encourage the reclamation of areas of cultivable land which have gone out of cultivation.

10. Fertilisers.

(a) In your opinion, could greater use be profitably made of natural manures or artificial fertilisers? If so, please indicate the directions in which you think improvement possible.

(b) Can you suggest measures to prevent the fraudulent adulteration of fertilisers?

What methods would you employ to popularise new and improved fertilisers?

(d) Mention any localities known to you in which a considerable increase in the use of manures has recently taken place.

(e) Has effect of manuring with phosphates, nitrates, sulphate of ammonia, and potash manures been sufficiently investigated? If so, what is the result of such investigation?

(f) What methods would you employ to discourage the practice of using cowdung as fuel.

11. Crops.

(a) Please give your views on—

- (i) the improvement of existing crops,
- (ii) the introduction of new including fodder crops,
- (iii) the distribution of seeds.
- (iv) the prevention of damage by wild animals.

(b) Can you suggest any heavy yielding food crops in replacement of the present crops?

(c) Any successful efforts in improving crops or substituting more profitable crops which have come under your own observation, should be mentioned.

12 Cultivation.

Can you suggest improvements in

- (i) the existing systems of tillage, or
- (ii) the customary rotations or mixtures of the more important crops?

13 Crop Protection, Internal and External.

(i) The efficacy and sufficiency of existing measures for protection of crops from external infection, pests and diseases,

(ii) The desirability of adopting internal measures against infection.

14. Implements.

(a) Have you any suggestion for the improvement of existing, or the introduction of new, agricultural implements and machinery?

(b) What steps do you think may usefully be taken to hasten the adoption by the cultivator of improved implements?

(c) Are there any difficulties which manufacturers have to contend with in the production of agricultural implements or their distribution for sale throughout the country? If so, can you suggest means by which these difficulties may be removed?

PART III.

15 Veterinary.

(a) Should the Civil Veterinary Department be under the Director of Agriculture or should it be independent?

(b) (i) Are dispensaries under the control of Local (District) Boards? Does this system work well?

(ii) Is the need for expansion being adequately met?

(iii) Would you advocate the transfer of control to Provincial authority.

(o) (i) Do agriculturists make full use of the veterinary dispensaries? If not, can you suggest improvements to remedy this?

(ii) Is full use made of touring dispensaries?

(d) What are obstacles met with in dealing with contagious diseases? Do you advocate legislation dealing with notification, segregation, disposal of diseased carcasses, compulsory inoculation of contacts and prohibition of the movement of animal exposed to infection? Failing legislation, can you suggest other means of improving existing conditions?

(e) Is there any difficulty in securing sufficient serum to meet the demand?

(f) What are the obstacles in the way of popularising preventive inoculation? Is any fee charged, and, if so, does this act as a deterrent?

(g) Do you consider that the provision of further facilities for research into animal disease is desirable?

If so, do you advocate that such further facilities should take the form of—

(i) an extension of the Muktesar Institute, or

(ii) the setting up, or extension of, Provincial Veterinary Research Institutions?

(h) Do you recommend that special investigations should be conducted by—

(i) officers of the Muktesar Institute, or

(ii) research officers in the provinces?

(i) Do you recommend the appointment of a Superior Veterinary Officer with the Government of India? What advantages do you expect would result from such an appointment?

16. Animal Husbandry.

(a) Do you wish to make suggestions for—

(i) improving the breeds of livestock,

(ii) the betterment of the dairy industry,

(iii) improving existing practice in animal husbandry.

(b) Comment on the following as causes of injury to cattle in your district—

(i) Overstocking of common pastures,

(ii) Absence of enclosed pastures, such as grass borders in tilled fields,

(iii) Insufficiency of dry fodder such as the straw of cereals or the stems and leaves of pulses.

(iv) Absence of green fodders in dry seasons.

(v) Absence of mineral constituents in fodder and feeding stuffs.

(c) Please mention the months of the year in which fodder shortage is most marked in your district. For how many weeks does scarcity of fodder usually exist? After this period of scarcity ends how many weeks elapse before young growing cattle begin to thrive?

(d) Can you suggest any practicable methods of improving or supplementing the fodder supply that would be applicable to your district?

(e) How can landowners be induced to take a keener practical interest in these matters?

PART IV.

17. Agricultural Industries.

(a) Can you give any estimate of the number of days of work done by an average cultivator on his holding during the year? What does he do in the slack season?

(b) Can you suggest means for encouraging the adoption of subsidiary industries? Can you suggest any new subsidiary industries to occupy the spare time of the family which could be established with Government aid?

(c) What are the obstacles in the way of expansion of such industries as bee keeping, poultry rearing, fruit growing, sericulture, pisciculture, lac culture, rope making, basket making, etc.,

(d) Do you think that Government should do more to establish industries connected with the preparation of agricultural produce for

consumption; such as oil pressing, sugar making, cotton ginning, rice hulling utilisation of wheat straw for card-board, utilisation of cotton seed for felt, fodder, oil and fuel, utilisation of rice straw for paper etc. ?

(e) Could subsidiary employment be found by encouraging industrial concerns to move to rural areas ? Can you suggest methods ?

(f) Do you recommend a more intensive study of each rural industry in its technical, commercial aspects, with a view to, among things, introduction of improved tools and appliances ?

(g) Can you suggest any other measures which might lead to greater rural employment ?

(h) Can you suggest means whereby the people could be induced to devote their spare time to improving the health conditions of their own environment ?

18 Agricultural Labour.

(a) What measures, if any, should be taken to attract agricultural labour from areas in which there is a surplus to—

(i) areas under cultivation in which there is a shortage of such labour, and

(ii) areas in which large tracts of cultivable land remain uncultivated. Please distinguish between suggestions designed to relieve seasonal unemployment and proposals for the permanent migration of agricultural population.

(b) If there is any shortage of agricultural labour in your province, what are the causes thereof and how could they be removed ?

(c) Can you suggest measures designed to facilitate the occupation and development, by surplus agricultural labour, of areas not at present under cultivation ?

19 Forests.

(a) Do you consider that forest lands as such are at present being put to their fullest use for agricultural purposes ? For instance, are grazing facilities granted to the extent compatible with the proper preservation of forest areas ? If not, state the changes or developments in current practice which you consider advisable.

(b) Can you suggest means whereby the supply of firewood and fodder in rural areas may be increased?

(c) Has deterioration of forests led to soil erosion? What remedies would you suggest for erosion and damage from floods?

(d) Can you indicate any methods by which supply of moisture in the soil, the rainfall and supply of canal water can be increased and regulated by afforestation or by the increased protection of forests so as to benefit agriculture? Would the same methods be useful in preventing the destruction by erosion of agricultural land?

(e) Is there an opening for schemes of afforestation in the neighbourhood of villages?

(f) Are forests suffering deterioration from excessive grazing? Is soil erosion being thereby facilitated? Suggest remedies.

20. Marketing.

(a) Do you consider existing market facilities to be satisfactory? Please specify and criticise the markets to which you refer, and make suggestions for their improvement.

(b) Are you satisfied with the existing system of marketing and distribution? If not, please indicate the produce to which you refer and describe and criticise in detail the channels of marketing and distribution from the producer to the consumer in India (or exporter in the case of produce exported overseas). State the services rendered by each intermediary and whether such intermediary acts in the capacity of merchant or commission agent, and comment upon the efficiency of these services and the margin upon which such intermediaries operate. Please describe the method by which each transaction is financed, or in the case of barter, by which an exchange is effected.

(c) Do you wish to suggest steps whereby the quality, purity, grading or packing of agricultural produce may be improved, distinguishing where possible between produce destined for—

(i) Indian markets,

(ii) Export markets.

(d) Do you think that more effective steps might be taken to place at the disposal of cultivators, merchants and traders information as to market conditions, whether Indian or overseas; crop returns; complaints as to Indian produce from wheresoever originating; and agricultural and marketing news in general?

21. Tariffs and Sea Freights.

Do existing (a) customs-duties, both import and export, and (b) sea freights adversely affect the prosperity of the Indian cultivator? If so, have you any recommendations to make?

22. Co-operation.

(a) What steps do you think should be taken to encourage the growth of the co-operative movement--

- (i) by Government.
- (ii) by non-official agencies?
- (b) Have you any observations to make upon--
 - (i) Credit societies;
 - (ii) Purchase societies;
 - (iii) Societies formed for the sale of produce or stock?
 - (iv) Societies for effecting improvements--e.g., the digging of wells and the construction of bunds, walls and fences, or the planting of hedges;
 - (v) Societies formed for the aggregation of fragmented holdings and their redistribution in plots of reasonable size;
 - (vi) Societies for the co-operative use of agricultural machinery;
 - (vii) Societies for joint farming,
 - (viii) Cattle breeding societies;
 - (ix) Societies formed for any purpose connected with agriculture or with the betterment of village life, but not specified above?

(c) Where co-operative schemes for joint improvement, such as co-operative irrigation or Co-operative fencing or a co-operative consolidation of holdings scheme, cannot be given effect to owing to the unwillingness of a small minority to join, do you think legislation should be introduced in order to compel such persons to join for the common benefit of all?

(d) Do you consider that those societies of which you have personal knowledge have, in the main, achieved their object?

23. General Education.

(a) Do you wish to make observations upon existing systems of education in their bearing upon the agricultural efficiency of the people? If you make suggestions, please distinguish, as far as possible, between

- (i) Higher or collegiate,
- (ii) Middle school, and
- (iii) Elementary school education.

(b) (i) Can you suggest any methods whereby rural education may improve the ability and culture of agriculturists of all grades while retaining their interest in the land?

(ii) What is your experience of compulsory education in rural areas?

(iii) What is the explanation of the small proportion of boys in rural primary schools who pass through the fourth class?

24. Attracting Capital.

(a) What steps are necessary in order to induce a larger number of men of capital and enterprise to take to agriculture?

(b) What are the factors tending to discourage owners of agricultural land from carrying out improvements?

25. Welfare of Rural Population.

(a) Outside the subjects enumerated above, have you any suggestions to offer for improving hygiene in rural areas and for the promotion of the general well-being and prosperity of the rural population?

(b) Are you, for instance, in favour of Government conducting economic surveys in typical villages with a view to ascertaining the economic position of the cultivators? If so, what in your opinion, should be the scope and methods of such enquiries?

(c) If you have carried out anything in the nature of such intensive enquiry, please state the broad conclusions which you reached.

26. Statistics.

- (a) Do you wish to make suggestions for the extension or improvement of the existing methods of —
- (i) ascertaining areas under cultivation and crops ;
 - (ii) estimating the yield of agricultural produce ;
 - (iii) enumerating live stock and implements ;
 - (iv) collecting information on land tenure, the incidence of land revenue and the size of the agricultural population ?
 - (v) arranging and publishing agricultural statistics ?
- (b) Have you any other suggestions to make under this heading ?
-

No. G. 279 Bombay, 16th February, 1927.

From Chamber to the Royal Commission on Agriculture, Camp

I am directed to send to you hereby the views of the Committee of this Chamber with regard to the problems referred to in the questionnaire of the Royal Commission on Agriculture.

My Committee do not answer the questions seriatim, for many of these relate to technical matters with which they are not conversant and on which they do not find themselves in a position to offer any opinions. There are, however, certain general principles involved in the questions and my Committee would like to deal with these general principles. In the first place, they would like to remark that the interests of trade, industries, commerce and agriculture are not divergent at all. In fact they would like to emphasize that the prosperity or adversity of agriculture has an intimate and immediate reaction upon trade, commerce and industries. It is because of this that my Committee have dealt with the main principles underlying your questionnaire.

Question No. 1 of Part I refers to research. My Committee are of opinion that there is a vast field for research with regard to Indian agriculture. They recognise that useful work in this direction has been done at Pusa and other places both by the

Imperial and Provincial Departments of Agriculture. While recognising this, however, they must clearly indicate that whatever research work has been done up to now has affected but a small portion of Indian agriculture and that large tracts of land are cultivated year after year and large crops turned out without their being affected for the better by the results of any research work. The Indian agriculturist is conservative like agriculturists all over the world, but not so conservative as not to accept recommendations made for his benefit. My Committee can point out, as an instance, the work being done by the Indian Central Cotton Committee which is a body meant for specialising in cotton. They readily recognise that this Cotton Committee has done useful work, though they may have differed in the past with regard to some of its activities. There is also the Sugar Bureau which too should be credited with some useful work. It must be said, at the same time, that the results arrived at by such Committees or Bureaus do not reach the agriculturists in this country owing to their want of education. In any other country where the percentage of literacy is far higher than that in this country results of research work would be circulated broadcast by means of leaflets, magic lantern shows, specialised journals, etc., but the abysmal illiteracy of the Indian agriculturists prevents the adoption of all these methods in this country. So while emphasising the need for research work, my Committee would like to emphasize still more the need for the spread of primary education throughout the country. There are several problems of the rural areas like sanitation, want of medical help, poverty of the ryots, etc., which are, to a large extent due to the agricultural illiteracy. My Committee trust that the Royal Commission will lay a very great emphasis upon the necessity and importance of primary education. My Committee are also of opinion that the education given in rural areas must include atleast the rudiments of agricultural education which will make the boys and girls of the peasants better farmers.

One of the greatest causes of the economic poverty of the rural population in this country is the very large division in holdings consequent upon the peculiar Hindu Inheritance Laws. The

agricultural holdings are reduced to the size of even 2, 4 and 5 acres and sometimes even less. In fact the average size of an agricultural holding in this country is probably much smaller than is to be found in any other civilised country. These holdings do not give even bare maintenance and yet such is the love of land these people and such is the dearth of any useful vocation that an agricultural family will not shift to any other place leaving off its holding which does not even give it sufficient means to maintain itself. It is up to the Royal Commission to find out if any way can be found out of this *impasse*. It may be mentioned that several Provincial Governments, so far as the information of my Committee goes, have been considering this question, but it is so delicate that up to this time it has not been found possible to take any definite steps to remove the evil. The matter is said to be delicate here as it involves the Hindu Inheritance Laws which affect a large mass of population both agricultural and non-agricultural. The one possible remedy seems to be to fix a limit of what may be called an economic agricultural holding and prevent alienation of land below such limit. The question is whether these Laws should be changed in the interests of the country.

Question No. 6 refers to Agricultural Indebtedness and views are invited on the main causes of borrowing, the sources of credit and the reasons that prevent repayment. The view of my Committee is that the one fundamental cause is that taken over a series of years the remuneration or nett return left to those engaged in Agriculture is much lower than in any other walk of life. This is why the Indian agriculturist is so constantly in debt and why his debt goes on increasing. There are some good years but they do not compensate sufficiently for bad years to leave him a surplus. The result is that the agricultural population is considered far less solvent, far less credit worthy than other classes and has to pay extremely high rates for such money as it can borrow. My Committee understand that 20 to 25 percent is not at all unusual and in the more backward tracts it may run to 50 and even 75 percent, but even at 25 percent compound interest money doubles in only three years and it is therefore easy to see that once a cultivator is unlucky enough to have two successive

bad seasons he has hardly any chance of freeing himself from debt, during the rest of his life. The position is made even more difficult in the case of the Indian cultivator because he never, thinks of repudiating of debt incurred not by himself but by his father or grandfather and slaves himself away all his life for the benefit of his Sowkar. The fundamental problem in the question of the Agricultural Debt is to find out why the cultivator's return is so very poor and devise means that may make him a more solvent borrower and enable him to borrow for his needs at moderate rates, My Committee can only state the problem here and must leave to the Commission to find a solution.

Coming to question No. 8, Part II, with regard to Irrigation, my Committee beg to suggest that the distribution of water from the canals should be in the hands of the Agricultural Department. The construction of canals and their maintenance are at present with the Irrigation Department. The construction and maintenance of canals should be naturally continued to be looked after by the Irrigation Department but my Committee think that the distribution of water should vest in the Agricultural Department as it causes a lot of annoyance and inconvenience to agriculturists to have two agencies viz. the Irrigation Department and the Agricultural Department, interfering with regard to these questions. It is the Agricultural Department which is in the best position to know what are the requirements of agriculturists with regard to water and so the control should vest in it.

Question No. 17, Part IV, which relates to agricultural industries is very important. In the opinion of my Committee the only subsidiary industry which can be suggested for the whole of India is the hand-spinning and hand-weaving industry. There are other subsidiary industries like dairying poultry farming, sericulture, apiculture, toy making, match manufacture, etc., but all these have got their limitation. Sericulture and apiculture, for instance, require a particular climate, while even dairying will not be deemed suitable for all the different parts of the country. Hand-spinning and hand-weaving on the contrary, was once an All-India agricultural subsidiary industry and there is no reason why it should not

again regain its old position. My Committee consider the industry here only from the point of view of an agricultural subsidiary industry i. e., an industry which is useful for occupying the spare time of agriculturists and giving them an occupation when they are not otherwise engaged. The idea is to have every village as a self-contained unit. The yarn produced by the house-wives working on the spinning-wheel in their spare time will be turned into cloth by the weavers of the village who are generally paid in kind. It is found that in this wise every family will provide its own clothing for the whole year from its own yarn. The hand-loom industry is still alive and thriving to such an extent that it practically supplies one-third of the total requirements of India in the shape of cotton piece-goods. The hand-spinning-wheel is not, however, so evident as it was before, but given a proper organisation and proper credit facilities this cottage industry of hand-spun and hand-woven cloth will meet with much success and will go to relieve the agricultural poverty to very large extent.

Efforts may also be made to introduce other suitable subsidiary industries according to the particular geographical, climatic, social and economic conditions of the various districts.

With regard to marketing referred to in question No. 20, Part IV, my Committee would not consider the existing facilities as satisfactory. The Indian agriculturist has no staying power and the result is that he has frequently to sell away his stuff, even before he brings the crops home, to the village Sowkar or to the exporter. There must be more of co-operative organisations, therefore, or Agricultural Banks to help the farmers with regard to their crops so that they may be able to wait for some time for getting good prices for them.

Sub-question (d) of Question No. 20 asks, if more effective steps may be taken to place at the disposal of cultivators information as to market conditions, crop returns, etc., etc. With regard to this again the illiteracy of the agriculturist referred to by my Committee in the very beginning of this letter will be a great adverse factor. All such information will be thrown away on him as he can neither read nor write,

Question No, 22 refers to Co-operation. My Committee would prefer to leave any detailed replies to those more closely connected with the Co-operative movement and would only remark here that if the cultivator in many parts of this Presidency is still borrowing at 20 to 25% per annum or more there must be something radically wrong with either the organisation or the methods of the Co-operative movement.

APPENDIX 59.

Report of the Textile Tariff Board regarding protection to the Indian Textile Industry and the Government Resolution thereon.

13th June 1927.

**Telegram from Chamber to the Government of India
Department of Commerce, Simla.**

"The publication of the Textile Tariff Board's Report six months after its submission to Government and the resolution of the Government on the same issued simultaneously with it have proved extremely disappointing to the commercial community and shown how woefully the Government of India are indifferent to the claims of Indian trade and industries. Their appointment of the Tariff Board followed by a comprehensive enquiry, and the seemingly careful consideration which Government were giving to the Report induced a general feeling that the Inquiry would yield definite results. The findings of both the majority and minority Reports show that the Tariff Board realised and appreciated the special difficulties of the Textile Industry, but even these findings, cautious as they are, have been rejected by the Government of India, on grounds of the most flimsy character. The Textile Industry is the premier industry of the country, and the prosperity of India in general and the Bombay Presidency in particular is dependent on it. Refusal to consider the right remedies for the betterment of its position can only emanate from a Government which are totally wanting in comprehension of the vital problems of the country. My Committee protest emphatically against their

action which coming so soon after the unfortunate ratio controversy will withdraw all public confidence from the Government whose policy towards Indian trade and industries cannot be explained on any other hypothesis than that it is guided and dictated by interests other than Indian. Inchambu."

No. G. 1423, Bombay, 14th July 1927.

**From Chamber to the Government of India Department
of Commerce, Simla.**

I am directed by the Committee of this Chamber to address this communication to you in continuation of their telegram dated 13th ultimo regarding the report of the Cotton Textile Tariff Board. My Committee have felt deeply in common with the rest of the country that Government have failed to show that breadth of vision and far-sighted statesmanship which are expected of every civilised Government, in rejecting *in toto* the recommendations both of the majority and minority of the Tariff Board. They do not think it is necessary for them at this stage to go into the history of this whole question. It must be however, pointed out that when even the removal of the excise duty was not followed by any turning of the corner in the Textile Industry and when the Government of India said that nothing could be done without a Tariff Board Enquiry the Millowners' Association ultimately agreed to the Tariff Board enquiry after a lengthy correspondence and *pourparle* between them and the Government; the ultimate reference by Government to a special Tariff Board was tantamount to a definite promise that if the Board had submitted a favourable report, action would be taken upon it. There was otherwise no meaning in referring to the Tariff Board this important question. Such a reference was interpreted in this wise not only by the Millowners' Associations and this Chamber but practically by the whole of the Commercial and industrial community and the leading publicists all over the country. It was because of this that so much pain was taken both by individuals and the different commercial associations to prove the case of the Textile Industry and that in the meanwhile all agitation was set at rest. The Textile Tariff Board submitted their report about the end of the year 1926 and though the

report itself was not unanimous there being both a majority and minority reports, there was complete agreement so far as the fundamentals were concerned. In any examination of the report of the Tariff Board the main question is not what are the details about the methods suggested but what is the fundamental position accepted by the Board. The objective was "to enquire into the cause of the present depression in the Bombay Cotton Textile Industry and to suggest the measures which might be taken to restore it to prosperity," as asked for by the Bombay Millowners' Association. So much were the Government of India, in fact, impressed by the preliminary case made out by the Millowners' Association that they agreed in their resolution issued at the time of the appointment of the Board that "this enquiry should be made", and considered that "it should be held as soon as possible". The fourth term of reference explicitly asks the Tariff Board to report "whether having regard to the fact that the industry had long been firmly established in India and to the interests of the consumers and to all other interests affected, (a) the industry was in need of protection, and (b) if so, in what form and for what period protection should be given and (c) make any other recommendations that may be germane to the subject." Acting under these terms of reference the Tariff Board made their recommendations which are neither ambiguous nor indefinite. It is true that there is a difference between the President and Members on some points, but as all of them have taken pains to make it clear the difference is restricted only to a few points while the unanimity extends to practically all their conclusions.

The whole of the Board is unanimous on this point that the Cotton Textile Industry is in a condition of depression at present and stands in need of remedial measures. Had it not been so, both the majority and minority reports would not have recommended any remedial measure at all but would have rested content with the statement that no help or protection was necessary for the industry suggested. If the depression had been found to be due merely to mismanagement by the mill-owners and there were no deeper causes which were responsible for it, the Tariff Board would have been justified in addressing themselves only to the Millowners and in

asking them to put their house in order. That has not been done is significant to show that all the Members of the Tariff Board were of opinion that the depression of the Industry was due to some deeper causes the removal of which only might put the matter straight. The fact that though the reference was made to the Tariff Board by the resolution of the Government dated 10th June 1926 and the Report was published exactly one year after, i.e. in the first week of June 1927, shows that the depression was no temporary phase but was deep-rooted and spread into all the different departments of the Textile Industry.

When the Government received this Report their duty should have been clear to them. They could have either accepted the majority report or the minority report, but surely a total rejection of both was not excepted in any quarter. Such a rejection would not have been excepted of any Government if they were in any sense in touch with the feelings, sentiments and views of the people. Supposing even the Tariff Board had rejected the demands of the Cotton Textile Industry the Government were bound to set aside that report and to issue their own orders with a view to remedy the condition of the industry. That position did not, however, arise in this case, and the Government were simply called upon to express themselves in favour of the majority report of the Textile Tariff Board which would go a long way towards satisfying the expectations of the millowners. It is a matter of the gravest regret that even this the Government could not do. My Committee are aware that on several occasions in the past Government officials occupying the highest positions have proclaimed about the Government's actions being viewed with suspicion and distrust. It is to be hoped that Government will not condemn either the publicists or the representative Associations if they, reviewing their decision with regard to the report of the Textile Tariff Board, refuse to accept it as the conclusion of Government of India and look upon it more as a dictate from Lancashire.

It cannot be said that even the majority report has erred on the side of leniency or largeness of outlook, for even they have recommended a bare four percent increase in the import duty on cotton

goods imported into this country against very high duties which are the order of the day in several leading European and Asiatic lands. The difference in exchange alone is about 12½ percent and foreign manufacturers get a good deal of advantage of this Exchange. What the Board should have proposed, therefore was a compensatory duty in proportion to the rise in exchange and a definite protective duty for the cotton textile Industry. Instead of that the Board have rested content with proposing merely a four percent increase. My Committee have serious doubts whether even this four percent increase in import duty will be sufficient to meet the necessities of the situation. They would, however, be willing to accept it at present so that the industry might not be deprived even of this small benefit.

My Committee approve of the scheme of bounty proposed by the majority report, but they are not in favour of the halting manner in which this suggestion is made. They do not favour the suggestion that the bounty must be based on the production of an average of 15 percent of the total working spindleage in a mill in British India as such a restriction will prevent several mills from taking advantage of it to its fullest extent. Thus where a mill is spinning finer yarn not more than 15 percent of its total production, it will get full benefit of this scheme, but supposing a mill spins fifty per cent. of finer yarns of its total production or, say, produces only finer yarns, it will be getting only 15 percent and not, as it should be, full bounty on its whole production of finer yarns. My Committee strongly suggest, therefore that the bounty should be given on the full production of finer yarns by a mill.

My Committee note that Government have accepted the recommendations of the Tariff Board with regard to the removal of the Import duty on machinery and stores. My Committee, in their written statement to the Textile Tariff Board, opposed such a removal and observed that it would not bring appreciable relief. They do not think that such a remission will mean any material benefit to the cotton Textile Industry. It throws much light on the attitude of the Government to indigeneous industries in general that while they have rejected entirely the other recommendations of the majority and

minority reports, they have accepted only this minor recommendation with regard to the removal of import duty on machinery and stores, which is calculated to benefit not so much the cotton textile industry as the manufacturers of Great Britain. Government even have gone further than the recommendations of the Tariff Board, for they are going to apply the exemption to machinery and stores, which are not necessarily connected with the cotton textile industry. My Committee would not have any objection even to this small concession being made by the Government, but they apprehend that such a remission of duty, especially, on stores will be very much adverse to the interests of the several chemical and other industries which have been started in the country since the last few years. My Committee have already addressed a letter to the Government of India, Department of Commerce, drawing their attention to the grievances of the chemical industry and the necessity for referring their case to the Tariff Board. These industries will be hit hard by the remission of duty on imported stores and several other industries like those concerned with making bobbins, as also leather goods and magnesium chloride, etc, will be very badly affected. If notwithstanding this protest Government decide to carry out the policy announced in their resolution, my Committee feel that measures like the payment of adequate bounty must be taken to protect those industries which stand to suffer through the removal of the duty on stores. These industries are still in their infancy and it is in the interests of the country that they should be properly developed. My Committee therefore, recommend that a subsidy should be paid to counteract the effects of a removal of duty on stores if that course is ultimately decided upon.

My Committee cannot help saying, in conclusion, that the resolution of the Government reviewing the report of the Textile Tariff Board is one-sided, narrow in its outlook, and perfunctory in its consideration—all the three things which a Government resolution should not be. Government were given a splendid opportunity for expressing their professed sympathy with indigenous industries in action and yet they have missed it. Instead, as Mr. H. P. Mody, President of the Bombay Millowners' Association, very aptly remark-

ed; "All that the communique does is to misread the important findings and recommendations, to set up the majority and the minority reports against each other, and dismiss the whole subject in a few casual sentences such as if Government were disposing of the question of a grant for a village well." Surely, this is not the attitude which the Government should adopt towards the fortunes of such a leading industry of the country, an industry which, my Committee are constrained to remind the Government, stood by them during the war and helped them by providing the necessary war materials to a very large extent.

In conclusion, my Committee hope that Government will be pleased to reconsider the whole situation and to approve, atleast of the majority report of the Textile Tariff Board.

No. 341-T (34) Simla, the 28th July 1927.

**From Government of India Department of Commerce
to Chamber.**

I am directed to acknowledge the receipt of your letter No. G- 1423, dated the 14th July 1927, on the above subject, and to say that the views of your Chamber are noted by the Government of India.

25th August 1927.

Telegram from Chamber to Sir Purshotamdas, Simla.

"Committee request you to send following telegram to Department of Commerce :

Committee Indian Merchants' Chamber are much concerned that Government of India have not thought fit even on reconsideration of the position to give anything like substantial relief to the cotton textile industry. Committee have already expressed their opinion that nothing short of the protection recommended on the lines of the majority report of the Tariff Board, modest though it is, will be suitable and sufficient for the industry at present. The meagre concession announced by Government does not meet the requirements of the situation. Committee are opposed to reduction in duty on artificial silk yarn. They trust that Government will rise

to the occasion and give the measure of protection the Indian Cotton Textile Industry needs. Inchambu."

APPENDIX 60.

Indian Cinematograph Enquiry Committee.

No. 2342.

Bombay Castle, 22nd October 1927.

**From the Government of Bombay Home Department
to Chamber.**

With reference to the Resolution of the Government of India, Home Department (Political), No. D-4169, dated the 6th October 1927, a copy of which is enclosed for ready reference, I am directed to forward herewith a copy of the Questionnaire issued by the Indian Cinematograph Committee, and to request that you will be so good as to forward as soon as possible the reply of your Chamber to the Secretary of the Committee c/o this Department together with the name of your representative who will give oral evidence if desired by the Committee. The Committee will assemble at Bombay on the 7th November and continue its sittings up to the 18th idem. The Committee will hold their sittings at the Town Hall up to the 16th, inclusive, and thereafter at the Secretariat.

INDIAN CINEMATOGRAPH COMMITTEE.

QUESTIONNAIRE.

Instructions.

If you are willing to answer any of the questions kindly send your reply as soon as possible to the Secretary, Indian Cinematograph Committee, whose address will be c/o Presidency Postmaster, Bombay (up to 18th November), and thereafter c/o Postmaster, General Post Office, Lahore, (upto 30th November) ;

Introductory.

1. Have you any special knowledge of, or connection with the Cinematograph Industry either in India or abroad? If so, what?

General.

2. (a) In your experience to what extent do Indians (1) of the educated classes and (2) of the illiterate classes frequent Cinemas? To what extent is such attendance on the increase? (Please explain to what place or area your answer refers.)

(b) Can you give an idea of the composition of an average Cinema audience in the locality of which you can speak?

(c) What proportion of the audience consists of children under 14 or adolescents of impressionable age?

PART I.

Film Industry in India.

3. Have you any opinion as to what classes of films are the most popular with Indian audiences and generally in India?

4. Are the exhibitors catering adequately for Indian audiences? If not, what are the reasons?

5. Are Indian-produced films, depicting Indian life, readily available to exhibitors? If so,

(a) are they of good quality?

(b) are they popular?

(c) is it ordinarily less or more profitable to show an Indian than a Western film? Can you cite any examples of successful Indian films?

6. (a) Do you think that films of Indian life topical Indian news, and scenes (with Indian actors) depicting stories from the national literature, history and mythology, would be more popular with Indian audiences than the prevalent Western films?

(b) Of such films, what kind would appeal most strongly.

(1) to the educated classes,

(2) to the illiterate population?

7. Is difficulty experienced in obtaining suitable films for exhibition to the British and Indian Troops? If so, in what way exactly are the films unsuitable? What sort of films are both suitable and popular?

8. (a) Are you satisfied with the present condition of the Industry in this country in its several branches of production, distribution and exhibition ?

(b) If you are not satisfied, what in your opinion are the main difficulties besetting the Industry and what means would you suggest for assisting it ?

9. Are good films readily obtainable by exhibitors at reasonable prices ? If not, is there any special reason for this ?

Is there any monopoly or tendency to monopoly of the supply or exhibition of films ?

10. Do the systems of "block" and "blind" booking and of "first run" or "key theatres" exist in India ?

If so, explain the advantages and disadvantages thereof to the Trade and the Public ?

11. Have the exhibitors in this country sufficient facilities for previewing films ?

Have you any suggestions to make on this matter ?

12. To what extent is the Amusement Tax (where it exists) a handicap to the exhibitor ?

13. How does the present customs Tariff on imported films affect the exhibitors ? How far is it useful for promoting the indigenous production of films ? What suggestions have you to make regarding the Tariff generally on all materials connected with the film Industry ?

14. Do you consider that an increased use of the Cinema for educational purposes in schools and for adult education in Agriculture, Public Health, etc., by Government or other agencies would help the growth of the film industry in this country ?

Is there any demand for such films ?

15. Are conditions in this country favourable to development of an Indian film-producing industry on a large scale ?

What are the reasons for your opinion ?

16. Do you consider that there are Indian producers, directors, actors, actresses and scenario-writers of sufficient technical knowledge, enterprise, resource and adaptability on whom the country can depend for a substantial output of films of real competitive exhibition value ?

What measures you suggest to supply a deficiency ?

17. Do you consider that sufficient capital in India is or will be forthcoming for film-production ?

18. Do you consider that suitable Government action whether legislative or administrative may be an effective incentive and encouragement to private enterprise for film production ? Can you suggest what suitable action can be taken by Government ?

19. How does the cost of film-production in this country compare with that in other countries ?

20. (a) Do any of your proposals involve expenditure from Government funds ? If so, do you think that such expenditure is justifiable, having regard to the other needs of the country ?

(b) Have you any suggestions to make regarding sources from which such expenditure may be met ?

21. What is your opinion regarding a proposal which has been made that to ensure the production and exhibition of films conforming to moral standards to provide a centralised neutral distributing agency and furnish a fair market, and to inaugurate the use of teaching and propaganda films, and generally to improve the conditions of the Films Industry in all its aspects, including censorship, a State agency should be created to undertake the management of the Film Industry as a monopoly ?

Films of the British Commonwealth.

22. Should India participate in the policy outlined in the resolution of the Imperial Conference to give some measure of encouragement to British Empire films, and if so would such participation,

(a) assist the development of her own film industry,

(b) assist in making herself better known and understood throughout the Empire and the world, and

(c) improve the standard of Western films shown in India.

Have you any suggestions as to the methods of putting such a policy into practice and the limitations if any?

23. (a) To what extent can cinema pictures be used for making known the condition, resources and habits of the peoples, and the activities of the various Governments, of the British Commonwealth of Nations to each other?

(b) What measures would you suggest for getting the various Governments to co-operate to this end?

PART II.

Social aspects and Control.

24. (a) Do you consider that any class of films exhibited in this country has a demoralising or otherwise injurious effect upon the public?

(b) Is there a general circulation of immoral or criminally suggestive films?

(c) In your opinion what class of film is harmful? To whom is it harmful? In what way is it harmful?

(d) Consider specifically whether censorship is adequate in the cases of

(1) "Sex" films,

(2) "Crime" films.

(e) Do you consider there has been any increase of crime in your Province due to the Cinema?

(f) Support your statements wherever possible by instances of within your personal knowledge.

25. Do you consider that the differences in social customs and out-look between the West and the East necessitate special consideration in the censorship of films in this country?

26. (a) Should more care be taken in censoring films likely to offend religious susceptibilities ?

(b) Can you give an example of any film which has offended the religious susceptibilities of any class of the community ?

27. (a) Have any of the films exhibited in India a tendency to misrepresent Western civilization or to lower in the eyes of Indians ? Is it a fact that films representing Western life are generally unintelligible to an uneducated Indian or are largely misunderstood by him ? If so, do undesirable results follow from this ? Have you any suggestions to make on this point ?

(b) Do you know of any films exhibited abroad which have a tendency to misrepresent Indian civilisation ? If so, were they produced in India ?

28. Has any class of film shown in this country a bad effect on—

(a) children,

(b) adolescents.

If so—

(1) what class of film ?

(2) in what way is it harmful ?

29. Are you in favour of certification of certain films as "For Adults Only" ?

30. Are you in favour prohibiting all children below a certain age from visiting Cinemas except for special "Childrens" Performances" ? If so, why ? What age do you suggest ?

31. (a) Do you consider that censorship is an effective method of guarding against misuse of the film ?

32. Do you think that the present system of Censorship in your Province is satisfactory ? If not, in what way is it defective ? Can you suggest any improvement ?

33. Would a strict Censorship—

(a) interfere unreasonably with the recreations of the people ?

(b) involve a falling off in the attendance at Cinemas ?

(c) unduly interfere with the freedom required for artistic and inspirational development ?

34. (a) Do you advocate the replacement of the present Provincial Boards of Censors by a single Central Board ?

(1) If so why ?

(2) Would this cause any inconvenience to the Trade ?

(3) How should such a Central Board be constituted ?

(4) Where should it be situated ?

(b) Or, would you advocate a Central Board in addition to the Provincial Boards ?

(a) If you advocate a Central Board working either alone or with Provincial Boards, how would you regulate the relationship between the various Boards and the Central and Local Governments ?

(d) How should such a Board or Boards be financed ?

35. (a) Is the present constitution of the Provincial Boards (of which at least half the Members must, under the law, be non-officials) satisfactory ?

(b) Would you prefer a whole-time experienced well-paid officer as Censor at each centre, to be assisted by an Advisory Board of non-officials ?

36. (a) Do you think that the present system (prevailing at Bombay and Calcutta) under which films are ordinarily examined by inspectors subordinate to the Board is satisfactory ? Are such inspectors sufficiently well qualified for the work ? What sort of qualifications are essential ?

(b) Or do you think that all films should be examined by Members of the Board ? If so, do you consider that gentlemen of suitable standing will be available who would be prepared to devote sufficient time to the examination of films for a reasonable remuneration ?

37. (a) Are there adequate safeguards under the Act for preventing the exhibition of a film which may be objectionable locally although it has been passed by a Board in some other part of India ?

(b) Do you consider that any safeguards are needed ?

38. Do you know any instances of films which have been passed by a Board of Censors in one Province and found objectionable in another Province ?

39. Have you come across any instances of pictures disapproved or banned from exhibition in the country of origin or in Great Britain being exhibited in India ?

40. Should posters, handbills and advertisements of Cinema performances also be censored ? What measures would you suggest for such censorship without undue restriction on freedom ?

Have you noticed any such advertisements which were objectionable ? In what way were objectionable ?

41. Have you noticed any improvement in the moral standard of the films exhibited in India in recent years ?

42. Have you any suggestions to make for getting the co-operation of the trade in the matter of the Censorship ?

43. (a) Is there need for a stricter control over the import and export of films ?

(b) If so, why ?

(c) What methods should be adopted for this purpose ?

44. To what extent could public bodies and the Press assist in maintaining a good standard of films ?

45. (a) Should some control be exercised by Government over film-production, and if so what should be the nature of such control ?

(b) Should all film-producing agencies be registered and licensed, and their studies periodically inspected ?

HOME DEPARTMENT.

RESOLUTION.

POLITICAL.

No. D.-4169, dated Simla, the 6th October 1927.

The question of the adequacy of the censorship exercised over cinematograph films in India has been attracting for some time past increasing public attention and has more than once been brought to the notice of the Government of India by resolutions in the Indian Legislature. The Government of India came to the conclusion that the subject was one of sufficient importance and complexity to demand a thorough enquiry by a special committee, which will take evidence and obtain opinions from all parts of India. At the same time the question had been raised by a resolution of the Imperial Conference of 1926 whether the various parts of the Empire could take any steps to encourage the exhibition of Empire films. As all Governments of the Empire have been invited to consider this question, it appeared to the Government of India that it would be appropriate that it should be examined by the proposed Committee. This extension of the scope of the Committee's enquiry would also enable it to address itself to a question which may have a far reaching influence on the development of the cinematograph in India, namely, the possibility of encouraging the production and exhibition of Indian films.

2. A resolution embodying these proposals was moved on behalf of Government during the last session in both Houses of the Legislature. The resolution was passed without dissent in the Council of State, while in the Legislative Assembly the discussion was adjourned on the understanding that Government would be free to proceed with their proposals.

3. Accordingly the Governor General in Council has decided to appoint a Committee which will start work at an early date. The terms of reference will be as follows:—

- (1) to examine the organization and the principles and methods of the censorship of cinematograph films in India;

(2) to survey the organization for the exhibition of cinematograph films and film producing industry in India :

(3). to consider whether it is desirable that step should be taken to encourage the exhibition of films produced within the British Empire generally and the production and exhibition of Indian films in particular ; and to make recommendations.

4. The Committee will be composed as follows :—

Chairman.

1. Dewan Bahadur T. Rangachariar, C. I., E., Vakil, High Court Madras.

Members.

2. The Honourable Khan Bahadur Sir Ebrahim Haroon Jaffer, Kt.

3. Colonel J. D. Crawford, D. S. O., M. C., M. L. A.

4. Mr. K. C. Neogy, M. L. A., Vakil, High Court, Calcutta.

5. Mr. A. M. Green, I. C. S., Collector of Customs and Member of Bombay Board of Film Censors.

6. Mr. J. Coatman, M. L. A., Director of Public Information.

Mr. G. G. Hooper, M. C., I. C. S., will act as Secretary to the Committee.

5. Committee will visit important centres, and will take evidence on the questions stated in the terms of reference. Persons who desire to be called as witnesses should apply in writing to the Secretary, care of Home Department, Government of India, Simla, giving their full names and addresses together with a brief memorandum of the points in regard to which they desire to give evidence. It will of course rest with the Committee to decide what evidence they will hear.

ORDER:—Ordered that a copy of the above resolution be published in the *Gazette of India* and communicated to all local Governments and Administrations for information. Also that a copy be forwarded to the Secretary to the Committee for information.

H. G. HAIG,

Secretary to the Government of India,

No. G. 2628, 10th November 1927.

**From Chamber to the Indian Cinematograph Enquiry
Committee Bombay.**

I am directed by my Committee to send to you herewith their replies to the Questionnaire issued by your Committee.

Replies of the Committee of the Indian Merchants' Chamber to the Questionnaire of the Indian Cinematograph Enquiry Committee; Question No.

1. Some of the members of this Chamber are interested in Cinematograph Industry.
6. Western films are as much appreciated as Indian films.
13. In order to help the growth of the film industry, my Committee suggest the abolition of duty on undeveloped films which is, as a matter of fact, a raw material for the industry and as such should not be taxed. My Committee are in favour of continuing the present duty of 15 per cent. on imported prepared cinema films as such a duty acts as a protection to the Indian cinematograph industry. My Committee also recommend that the present duty off cameras used for the cinematograph industry should be reduced.
14. An increased use of the cinema for educational purposes in schools and for adult education and agriculture, public health, etc., by Government or other agencies is advisable. My Committee recommend that such films should be got prepared by Indian cinema companies.
15. Conditions in this country are favourable to the development of an Indian film producing industry on a large scale. There is a huge population in this country scattered about in different towns and villages. Theatre companies are hardly able to go outside a few towns and cities and even there their rates are not suitable for an ordinary purse. There are not practically any amenities of life and

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the cinematograph if it is rightly and properly, conducted would be a good medium for affording innocent pleasure to all this population whether in towns, cities or villages. All these people are fond of village shows which are gipsy in their character and which are a feature of the life of the country since a long time past. The cinematograph will thus come to satisfy the taste which is already there.

17. My Committee think that sufficient capital will be forthcoming for film production.
18. My Committee do not approve of any Government action whether legislative or administrative being taken to develop the cinematograph industry. It should be left to be developed by private enterprise. The Government can, however, help by patronising Indian cinematograph companies whenever any official films are to be taken or giving facilities to the cinematograph companies in the preparation of their films.
21. My Committee do not approve of a State agency being created to undertake the management of the film industry.
22. My Committee are strongly opposed to any policy of Imperial Preference being introduced as it were through a side-door. They have already expressed their opinions in a letter addressed to the Government of India, a copy of which was sent to the Indian Cinematograph Enquiry Committee, and they again emphasise that no recommendation regarding Imperial Preference in any form should be made by this Committee. It is a question which is to be decided by the Legislature of the country as a straight issue and no efforts should be made to get it in in an indirect manner.
23. The various Governments of the British Empire may be left to look after all these things themselves at their own expense.
24. (a) With the censorship as it is, we have not come across any films which are open to this charge.

- (b) There is no general circulation of immoral or criminally suggested films.
 - (c) & (d) Rigid and intelligent censorship is required for crime films.
25. My Committee do not think so.
27. (a) As far as my Committee know there is no misunderstanding on this score. They do not think that Western films are misunderstood. They are understood well as they are depicted.
- (b) My Committee have not come across any such instances. If there are however, any films which misrepresent India they should be proscribed,
28. There are no objectionable films.
29. Such a differentiation should be made only with regard to matters of sex and it should be left to the discretion of the Board of Censors.
30. My Committee are not in favour of prohibiting all children below a certain age from visiting cinemas.
31. Proper censorship is an effective method for guarding against the misuse of the films.
32. My Committee suggest that the Board of Censors should be constituted as follows for the Bombay Presidency.—
- (1) One representative of producers of cinematograph films;
 - (2) One representative of Exhibitors;
 - (3) One representative of Importers;
 - (4) Commissioner of Police;
 - (5) One representative of the Bombay University;
 - (6) One representative of the Bombay Municipal Corporation;

- (7) One representative of the Indian Merchants' Chamber ;
 - (8) One representative of the Bombay Chamber of Commerce ;
 - and
 - (9) Two gentlemen to be nominated by the Government. This Board should have an Indian Secretary and an Indian Inspector or Inspectors preferably with English experience. The Board should elect their own chairman.
33. It all depends upon the extent of the strictness.
34. My Committee are in favour of Provincial Boards of Censors and do not approve of their substitution by a single Central Board.
45. My Committee are opposed to any control being exercised over film production, but are of opinion that license must be given to the companies in which Indian interests are predominant. It should also be made a condition that a percentage of $7\frac{1}{2}$ of Indian films should be shown in every theatre from 1930 or an earlier date if possible and the same be increased by $2\frac{1}{2}$ % every year until it reaches 25 % before a license is given.

Trade and Industrial Legislation.

APPENDIX. 61.

New Commercial Causes Rules of the Bombay High Court.

No. 1028 of 1926.

Bombay 13th December 1926,

From Acting Prothonotary and Registrar, O. J. H. M.'s High Court, Bombay to Chamber.

I am directed by the Honourable the Chief Justice to forward herewith for the information of your Chamber a copy of the amen-

ded Rules for the Commercial Court which will come into force from January 1927. I am also to state that the High Court have made representations to Government with a view to legislation being passed dispensing with strict proof of certain well recognised commercial documents such as Manchester Ship canal Certificates, Lloyds Shipping Register, etc., and thus saving delay and expense.

The Honourable the Chief Justice and Judges are pleased to direct that the following amendments and additions be made in the Rules and Forms of the Bombay High Court, Original Side, 1922:

Add the words "or points of defence" after the word "statement" in line 2 of Rule 107 at page 37.

Substitute the following for Rules 183 to 192 under the heading "*Commercial Causes*" in Chapter XII at page 54 to 56 :—

"183. Commercial Causes include causes arising out of the ordinary transactions of merchants, bankers and traders; amongst others, those relating to the construction of mercantile documents, export or import of merchandise, affreightment, carriage of goods by land, insurance, banking and mercantile agency and mercantile usages and debts arising out of such transactions.

183A. A list of Commercial Causes shall be kept in which shall be entered all causes admitted under Rule 184 by the Judge or Judges charged for the time being by the Chief Justice with commercial business.

184. All plaints, summonses, applications &c. in Commercial Causes shall be presented for acceptance or disposal to the Judge or any one of the Judges for the time being charged with commercial business. Such Judge shall, if satisfied that the suit is a Commercial Cause, direct the plaint to be marked with the words "Commercial Cause".

185. On the plaint being accepted the plaintiff shall take out a Summons for general directions which shall be addressed to and served upon the other parties to the suit or such of them as may be affected thereby and returnable in not less than four days. The summons shall be in

Form No. 22, with such variations as circumstances may require and shall ordinarily be served at the same time as the writ of Summons.

186. At the hearing of the summons for directions the Judge may make such order as he thinks fit for the speedy determination of the suit, the avoidance of multiplicity of interlocutory proceedings and the avoidance of expense and delay which might arise from commissions to take evidence or otherwise. More particularly he may pass orders for any of the following matters :—

Interlocutory
proceedings.

- (a) dispensing with further pleadings or for delivery of points of defence in place of further pleadings ; or for trial on the notes taken by him of the questions raised before him by the parties or on any point agreed upon between them and approved by him or on mutual admissions or agreed statements of fact ;
- (b) the admission of any document or fact and payment by the party refusing of the costs of proving any such document or fact ;
- (c) evidence of any fact to be proved by the affidavit of a witness or by production of documents or entries in books or by copies of documents or entries or otherwise on such conditions as he may think reasonable !
- (d) lists of documents and orders for costs for non-disclosure of any material documents in such lists :
- (e) after delivery of further pleadings or points of defence and inspection, interrogatories or in their stead particulars ;
- (f) mode and time of trial including the decisions of preliminary points of law or fact,
Such order shall be in Form No. 23 with such variations as circumstances may require.

No affidavit to
be made.

187. No affidavit shall be made or used on the hearing of the said summons except by special order of the Judge,

188. Any application subsequent to the original summons for any directions as to any matter by any party shall be made under the summons on two clear days' notice to the other party, stating the grounds of the application. If the Judge is of opinion that such application could properly have been made on the original summons, he may direct that the party applying shall in any event pay the costs of such application.

Subsequent application.

Costs of subsequent application.

189. The parties may, if they so desire, agree in writing to be signed by them or their Attorneys that the judgment or decision of the Commercial Judge in any suit shall be final.

Decision of Commercial Judge may by consent be final.

No. G, 208, 7th February 1927.

From Chamber to the Acting Prothonotary and Registrar, O. J. H. M.'S. High Court, Bombay.

I am directed to send hereby views of the Committee of this Chamber in reply to your letter of the 13th December 1926, No. 1028 of 1926, regarding the New Commercial Causes Rules of the Bombay High Court.

The amendments and additions principally deal with (1) the putting in or dispensing with of the written statements in Commercial Causes, (2) permission to prove facts by affidavits instead of by oral evidence; and (3) admission of copies of documents or entries in the books, in place of the original, evidence; and (3) admission of copies of documents or entries in the books, in place of the original,

3. WRITTEN STATEMENT.

Dispensing with written Statements in Commercial Causes in which usually large stakes are involved is in the opinion of my Committee a dangerous experiment which is more likely to prolong litigation than to shorten it. In the absence of a written statement the parties will have a sufficiently wide scope to keep on altering their

case as the suit develops, in spite of the fact that "points of defence" may have already been noted. Besides, it will my Committee fear, multiply work in the form of an increased number of contested Chamber Summonses requisitioning the assistance of Counsels. Unfortunately, in Bombay the practice is to engage Counsel in almost all contested Chamber matters and that too senior Counsels, with the result that the cost as well length of proceedings are both likely to be multiplied.

4. Proofs of affidavits :

In suits of such great importance as Commercial suits where facts are to be proved, oral evidence is, in the opinion of my Committee, absolutely essential in the interests of justice, as otherwise a dishonest litigant is bound to get the better of his honest opponent. Cross examination is the weapon against perjury and my Committee think that time and money spent on such oral evidence in open Court is amply repaid through greater efficiency being achieved in results. A litigant who has a good case would sooner devote both these in order to secure justice, than risk his case on a mere contest between expert draftsmen of affidavits. My Committee are of opinion that it is rather misplaced economy to save costs at such a great sacrifice and trust these rules will not be given effect to by Judges when they use their discretion, except in rare cases. In fact my Committee are totally opposed to this rule being enforced.

5. Admission of copies of Documents and Book Entries.

Here too my Committee are afraid that the rules are not likely to lead to satisfactory results. In case of banks who keep regular books and are responsible institutions, who require their books almost every minute of the day, such a concession is no doubt safe and reasonable, but my Committee are of opinion that this rule cannot be safely extended to litigation among businessmen and traders where it is absolutely essential that the original records should be brought into the Court for inspection of the parties, as well as the Court. The question as to where such an original record should be produced in Court, and where not, will have also to be decided through a Contested Summons, with the result that costs will increase and proceedings unnecessarily multiplied.

No. 331 of 1927,

Bombay, 25th March 1927,

From, Acting Prothonotary and Registrar, O. J., H. M.'s High Court, Bombay to Chamber.

I am directed by the Honourable the Chief Justice and Judges to acknowledge the receipt of your letter No. G. 208 dated the 7th February forwarding the views of the Committee of your Chamber regarding the new Rules for the Commercial Court. In reply I am to say that your Committee seem to have misunderstood the true nature of those rules. They appear to think that in future all Commercial Causes will be tried without pleadings and on affidavit evidence only. This is not so. It is recognised that in Bombay there are dishonest as well as honest litigants. In the case of the former it may well be desirable to pin them down to a particular detailed story as early as practicable, and certainly to cross-examine them as you suggest. But with honest litigants, both desirous of a prompt decision in a commercial dispute, it may often be feasible and of great assistance to the parties to dispense with the strict procedure applicable in cases of a different nature,

In this connection I am to refer you to the judgment of Sir Norman Macleod in *Nissim Isaac Bekhor V. Haji Sultanalli Sausary* 17 B. L. Reporter 249 at page 257; and also to an article entitled "Commercial Court" at pages 119 to 122 of Vol 3 of the *Encyclopaedia of the Laws of England*,

I am also to state for the information of your Committee that the above new rules are based on the corresponding Rules of the Commercial Court in England. Mr. Justice Mathew was the first Judge of the Court. The Court has undoubtedly been a great success; and its Rules, which were framed with a view to avoid certain delays inconvenience and expense resulting from the ordinary procedure, have stood the test of time and practical experience.

The disputes in that Court are mainly between honest litigants of recognised commercial standing. Their Lordships are satisfied that a similar class of litigants exists in Bombay, and accordingly the above new Rules have been framed mainly to meet their wants. But

it will rest with the commercial community of Bombay as a whole to take proper advantage of the facilities thus offered. Time alone will show that. Meanwhile it is desirable that commercial firms should not form erroneous impressions of the true nature of that Court. It is accordingly to guard against such a misfortune that I am directed to send you this letter.

No. G, 801 20th April 1927.

**From Chamber to Ag. Prothonotary & Registrar, O. J.,
H. M.'s High Court, Bombay.**

I am directed to acknowledge receipt of your letter No. 3311 dated the 25th March 1927, and thank their Lordships the Chief Justice and Judges of the Bombay High Court for the explanation offered for the proposed new rules for the Commercial Court.

APPENDIX 62.

**Proposed amendment of the Law of Evidence in regard
to certain Commercial Documents.**

No. 1168-2, Bombay Castle, 20th July 1927.

**From the Government of Bombay Home Department to
Chamber.**

I am directed by the Governor in Council to forward herewith a copy of a Government Resolution in this Department No. 1168-2, dated this day regarding the proposed amendment of the Law of Evidence in regard to certain commercial documents and to request that you will be so good as to favour Government with the opinion of the Indian Merchants' Chamber, in the matter.

Government of Bombay Home Department Resolution No. 1168-2.

Bombay Castle, 20th July 1927.

Letter from the Government of India in the Home Department,
No. F.—136-27—Judicial, dated the 11th June 1927 :—

"With reference to your letter No. 1168-2-B., dated the 17th December 1926, I am directed to forward, for the information of the Governor in Council, a copy of a letter No. F.—136-27, dated the 6th June 1927, addressed to the other local Governments, on the above subject. I am to request that the Government of India may be furnished with any further remarks which the Governor in Council may wish to make after consulting the High Court, Judicial Commissioner's Court and such commercial and other bodies as he may think fit to consult."

Simla, the 6th June 1927.

Subject.—Proposed amendment of the law of evidence in regard to certain commercial documents,

Sir,

the information of the Governor in Council,

I am directed to forward, for the information of the High Court,
your information

a copy of a letter from the Government of Bombay, No. 1168-2-B., dated the 17th December 1926, and of the accompanying letter from the Bombay High Court, in which it is proposed that the law of evidence may be amended so that such commercial documents as are accepted as *prima facie* correct in commercial circles may be admitted in evidence without formal proof.

3. The Bombay High Court suggest two alternative methods of carrying out the object in view. Their first suggestion is that a new clause may be inserted in sub clause (2) of section 128 of the Code of Civil Procedure on the lines of section 6 of the Administration of Justice Act, 1920 (10 and 11 Geo. Cap. 81), but they put forward certain objections to the adoption of this course in paragraph 7 of their letter. The Government of India are inclined to agree with the Court that such an important matter affecting the relaxation of varying of the law of evidence should not be left to the courts.

The second suggestion is to achieve the object in view by an amendment of the substantive provision of the Evidence Act. There are,

however, advantages in giving effect to the proposals of limited application otherwise than by amendment of a law of general application. It has accordingly been suggested that amendment of the Evidence Act should not be undertaken but that separate legislation on analogy of the Banker's Books Evidence Act, 1891 (XVIII of 1891) would be appropriate. Such an Act would contain a definition of "commercial documents" and would provide that notwithstanding anything in the Indian Evidence Act—(i) the Court shall in all legal proceedings presume that a document purporting to be a commercial document, and any seal, stamp or signature thereon, is genuine, and that the person (if any) signing it held, at the time he signed it, the character which he claims, and (ii) a statement in a commercial documents about a fact in issue or relevant fact shall be accepted in all legal proceedings as proof of such fact until the contrary is shown.

The question has further been raised whether the proposed measure should extend to all courts or only to the High Courts in exercise of their Original Jurisdiction and such other Courts as the Governor General in Council or the local Government may prescribe. It has been suggested that the Act should in the first instance at any rate be confined to courts which have special experience in commercial suits and commercial documents. As regards the definition of "commercial documents" it may prove necessary to leave the content of the term to be settled by notification, i. e., to define commercial documents as documents declared to be commercial documents by notification of the Governor General in Council for the time being in force.

3. Before coming to a decision the Government of India will be glad to be furnished with the views of the Governor in Council together with those of (Honourable Judges of the High Court, Madras, the Honourable Judges of the High Court, Allahabad and the Chief Court, Lucknow,

etc.,

etc.,)

and such commercial and other bodies as the local Government may think fit to consult, on the desirability of undertaking legislation as

proposed. I am also to ask for an expression of opinion, whether in the event of such legislation being undertaken it should be confined to commercial suits or should also embrace other suits, what form it should take, and what should be the content of the term "commercial documents."

I have the honour to be,
Sir,

Your most obedient servant,

J. M. DUNNETT,

Joint Secretary to the Government of India.

No. 1168/2 B.

HOME DEPARTMENT.

Bombay Castle, 17th December 1926.

From—J. Monteath, Esq., Secretary to the Government of
Bombay, Home Department;

To—The Secretary to the Government of India, Home Department.

Subject.—Law of Evidence, Commercial documents accepted as
prima facie correct in mercantile circles; amendment of
the — as to dispense with proof of—(Indian Evidence
Act).

Sir,

I am directed by the Governor in Council to forward herewith for the information of the Government of India a copy of a letter from the Prothonotary and Registrar, Original Jurisdiction, High Court, Bombay, No. 975, dated the 27th November 1926 and its accompaniment regarding a proposal to amend the Law of Evidence in regard to certain Commercial documents and to state that the Governor in Council approves of the recommendation made by the Bombay High Court,

I have the honour to be

Sir,

Your most obedient servant,

(Sd.) J. MONTEATH,

Secretary to the Government of Bombay,
Home Department

No 975 of 1925.

Bombay, 27th November 1926.

From—R. B. Patel, Esq., M. A., LL.B. (Cantab), Barrister-at-Law, Acting Prothonotary and Registrar, Original Jurisdiction, His Majesty's High Court, Bombay:

To—The Secretary to the Government of Bombay, Home Department.

Subject.—Proposal to amend the Law of Evidence in regard to certain commercial documents.

Sir,

I am directed by the Honourable the Chief Justice and Judges to state that the question of improving the procedure relating to "Commercial Cause," so as to ensure a better and speedier disposal, has been under their consideration, and the Rules about them have been revised with that object.

2. There is, however, one obstacle that cannot be removed except by legislation. This relates to the difficulties placed by the existing law in the way of documents which by the practice of merchants are accepted as evidence and taken as *prima facie* correct, but which in a Court of Law cannot (in the absence of consent by the parties) be admitted in evidence without testimony as to their genuineness or the correctness of the statements made therein. As illustrations of such documents may be mentioned publications like Lloyd's Weekly Shipping Index, Certificates of the Manchester Ship Canal as to dates of receipt of goods, and Certificates of a Chamber of Commerce as to delays in manufacture owing to strikes. Such documents are not admissible in evidence under section 33, or any other provision of the Evidence Act, without further proof. The result is that a party desirous of delaying the proceedings can often insist on the other side getting Commissions issued to take evidence as to facts which are for all practical purposes sufficiently established by the documents in question. The expense and delay entailed by such Commissions is very great, particularly when issued to foreign countries. As instances of cases of this kind, I am to refer to I.L. R., 22 Bom. 189—(see at p. 193), and 23 Bom. L. R. 252. A copy of the last named report is attached.

3. I am also directed to draw attention to the following remarks by Macleod C. J. M., 17 Bom. L. R., 249 at p. 257:

"Mr. Inverarity produced certain copies of Lloyd's Weekly Index which showed that, according to the information received at Lloyds from their agents, the Nicomedia left Dunkirk on the 30th July, arrived at Hamburg on or about the 31st July and was still there in November. He admitted that the information contained in the Weekly Index was not evidence but it seems unfortunate that in a Court dealing with commercial cases it should not be permissible to rely on such a publication which is treated by business men as affording reliable information regarding the movements of ships on Lloyd's Register and that it should be necessary in order to prove where a ship was on a particular date to produce evidence of witnesses who had actually seen the ship. A special list for commercial causes was instituted so as to induce the confidence of the commercial world and that their disputes would be adjudicated upon expeditiously and in accordance with the Law Merchant. The Law of evidence had always been the despair of the business man and apart from the fact that a commercial cause is set down for hearing as soon as possible after the issue of the summons and takes precedence of other causes, there is little to be gained if a party is exposed to the ordinary delays of the Law.

It is certainly desirable that a Judge trying a commercial cause should have a power to dispense with the technical rules of evidence for the avoidance of expense and delay which might arise from Commissions to take evidence or otherwise.

4. In England this difficulty has been largely surmounted by legislation. I am to draw attention to the provisions of section 3 of the Supreme Court of Judicature (Procedure) Act, 1894 (54 and 55 Vict. C. 53), which is now superseded by section 5 of the Administration of Justice Act, 1920 (10 and 11 Geo. 5, Cap. 81). The latter runs as follows: "The power to make rules conferred by the Judicature Acts 1873 to 1910 shall include power to make rules for regulating the means by which particular facts may be proved, and the mode

in which evidence thereof may be given, in any proceedings or on any application in connection with or at any stage of any proceedings." On the basis of these provisions, Rule 7 of Order 30 of the Rules of the Supreme Court provides:—"On the hearing of the summons (*i.e.*, the summons for directions), the Court or a Judge may order that evidence of any particular fact, to be specified in the Order, shall be given by statement on oath of information and belief, or by production of documents or entries in books, or by copies of documents or entries or otherwise as the Court or Judge may direct." This power "to dispense with the technical rules of evidence for the avoidance of expense and delay which might arise from commissions to take evidence and otherwise" (as it is put in the memorandum that was issued by the Judges of the Queen's Bench Division in the early part of 1895) is constantly used, in order to expedite the trial of Commercial Causes in England, though no doubt, as rules in *Baerlein v. Chartered Mercantile Bank* (1895) 2 Ch. 488, the Judge of the Commercial Court has no greater power in this respect than any other Judge of the Supreme Court. Thus in the introduction to "Commercial Cases." Vol. I. pp. V—VII, it is stated "It was clear that, if the legal advisers of the parties were willing to assist the Court, Commercial disputes might be settled as promptly by a Judge as by an arbitrator. But to attain this and it was necessary that the Judge should be made acquainted at the earliest possible stage of the proceedings with the nature of the plaintiffs and the defendant's case..... As the result of this preliminary discussion before the Judge, many cases have been put in train for settlement. When it has been found that the case must be tried, a note has been made by the Judge of the question which the parties have expressed their intention of raising, and a copy of this note has been furnished to each side, or a direction has been given that notice of the grounds of claim and defence should be exchanged..... A day is then fixed for the trial of the case, to the great convenience of solicitors, who can arrange for the attendance of their witnesses no encouragement being given to technical or other obstruction. The practice of granting commissions for the examination of witnesses abroad, often resorted to formerly in commercial cases, and generally found to be of little practical value, has been very rarely followed, and mutual

admissions, the exercise of the powers conferred by Order 30, Rule 7, or the consent of the parties to permit the Judge to act upon the materials submitted to mercantile arbitrators have diminished the necessity for recourse to a method of obtaining information which is always dilatory and not unfrequently wasteful. Commercial cases have been tried upon the evidence prescribed by the orders made in Chambers without difficulty or delay, and with a great diminution of the cost incidental to actions in which the ordinary modes of litigation are followed. The grasp which the Judge obtains of the case in Chambers, and the power which he consequently acquires to prevent the taking of steps which will not assist the Court at the trial have been found to be of extreme value in securing expedition." The above quotations are taken from an Article entitled "Commercial Court" at pages 119-122 of Vol. 3 of the Encyclopaedia of the Laws of England.

5. This particular question does not appear to have attracted the attention of the Civil Justice Committee; but in paragraphs 10 and 13 of Chapter 12 of their Report relating to Commercial Litigation at pages 203, 204, reference is made to the way in which a defendant often insists on the production of unnecessary evidence and puts the plaintiff to proof of matters, which would be admitted as a matter of course in England. Again Sir Tej Bahadur Sapru in his Note which is prefixed to the Report at p. XV, says:—

"The method of proving private and public documents laid down by the Indian Evidence Act requires to my mind, careful revision. I have come across cases in which a party producing documents which are obviously perfectly genuine, meets with the greatest difficulty in getting them admitted in evidence because the other party light-heartedly or vexatiously puts the former to proof. In the mofussil nothing is more common than pleaders of one party denying the genuineness of the documents produced by the other party."

Again in paragraph 20 at p. 252 and paragraph 16 at p. 268 of the Report, the Committee recommend the extension of the English System of a Summons for Directions to other Long Causes, as well as

Commercial Causes. As already mentioned, the power to dispense with technical rules of evidence in order to avoid the issue of unnecessary Commissions is a most important part of the System; and it seems desirable, therefore, that this power should, as in England, be possessed by all Judges of a High Court, and not merely by the Judge in charge of the Commercial Cause List.

6. I am to say that, in these circumstances, their Lordships consider that there is a good case made out for legislation in India on lines similar to that contained in section 6 of the Administration of Justice Act, 1920 (10 and 11 Geo. 3, Cap. 81). This could be effected by the insertion of a new clause in sub-section (2) of section 128 of the Civil Procedure Code such as:—"the regulation of the means by which particular facts may be proved, and the mode in which evidence thereof may be given, in any proceedings or on any application in connection with or at any stage of any proceedings."

7. On the other hand their Lordships recognize that objections may well be raised to such an important matter as a variance of the Law of evidence [being left to rules or the discretion of a Judge, and that there are substantial reasons for saying that, if there is good ground for altering any of the provisions of the Indian Evidence Act, 1872, this should be done by an amendment of that Act governing all Courts in British India. They are inclined to think that this would be a better way of proceeding in the matter; and that there are as cogent reasons for altering the law on the subject for Mofussil Courts and the Small Causes Courts in Presidency towns, as there are for altering it in the case of Commercial and other Causes tried in the High Court. I am to say therefore, that they are of opinion that the Government should consider whether the time has not now come for an amendment of the Evidence Act, which will facilitate the prompt disposal of commercial litigation and attend towards the removal of at any rate one of the recognised obstacles to the commercial and industrial development of India, viz, the delays in the disposal of civil suits.

1. I am to suggest, therefore that provisions should be inserted in the Evidence Act—

(1) on the lines of section 35, so as to make commercial documents of the kind referred to admissible in evidence *per se*, and

(2) on the lines of section 82, as to presuming the seals, stamps, signatures, etc., on such documents to be genuine.

In regard to the second suggestion, I may also refer to the provisions of the Documentary Evidence Act, 1845 (8 and 9 Vict. C. 113).

9, I am to explain that their Lordships do not mean to suggest that such documents should constitute anything more than *prima facie* evidence of the statements contained therein. It will be entirely for the Court to say in any particular case what weight should be given to such a document; and it will be open to any party affected to contest the truth of its contents. What they desire is merely to shift the onus in regard to the contents of such documents. Thus, if a plaintiff has a certificate of the kind mentioned in his favour, it will no longer be open to the defendant to insist on his taking out a commission to prove any statement in it, but the defendant, if he wishes to contest any such statement, must take the initiative in adducing evidence on commission or otherwise about it.

10. As to the definition of the documents to be covered by the proposed legislation, their Lordships think it sufficient to indicate their general nature for the purposes of this letter. The various Chambers of Commerce and Merchants Associations in India are in a better position to give advice on this subject. So long as the documents are such as are ordinarily accepted as *prima facie* correct in mercantile practice, the Court should, in the opinion of their Lordships be entitled to give them equal recognition.

11. In conclusion I am to ask that, if Government see no objection, the Government of India may be moved accordingly in this matter of the legislation suggested in this letter,

I have the honour to be,

Sir,

Your most obedient servant,

(Sd.) R. B. PATEL,

Acting Prothonotary and Registrar, Original Jurisdiction,

ANNUAL REPORT OF THE

No. G. 1917, 1st September 1927,

**From Chamber to the Government of Bombay,
Home Department, Bombay.**

I am directed by my Committee to acknowledge receipt of your letter No. 1168/2, dated the 29th July 1927 together with its accompaniments regarding the proposed amendment of the Law of Evidence in regard to certain commercial document and to send hereby their views on the same :

My Committee in the first place desire to draw your attention to the amended Rules of the High Court of Bombay for the Commercial Court which came in force from January 1927. They at that time were opposed to the amendments and additions, principally dealing with (1) the putting in or dispensing with the written statements in commercial causes, (2) permission to prove facts by affidavits instead of by oral evidence, and (3) admission of copies of documents or entries in the books in place of the original, being given effect to. My Committee appreciate the desire of the High Court of Bombay to ensure a better and speedier disposal of commercial suits by removing the difficulties through legislation, regarding the admissibility without proof of certain commercial documents which by the practice of merchants are accepted as evidence and taken as *prima facie* correct. Lloyd's Weekly shipping index, certificates of the Manchester Ship Canal, and the certificates of a Chamber of Commerce are reliable commercial documents upto a certain extent in which the merchants have certain amount of confidence, but my Committee cannot overlook the fact that at times the veracity of even such documents is rightly doubted. They feel, therefore, apprehensive that the wholesale recognition of such documents as a *prima facie* correct may prove harmful to the merchants. I am therefore, directed by my Committee to inform you that they do not approve of the proposed legislation for the reason mentioned above.

APPENDIX 63

**Proposed Amendments in Civil Procedure Code of 1908
(Re Execution of orders and decrees
No. 1568-B.**

Bombay Castle 8th March, 1927.

**From The Government of Bombay, Home Department to
Chamber.**

I am directed by the Governor in Council to forward herewith a copy of a Resolution of Government in this Department No. 1568-2, dated this day, and of its accompaniments on the subject noted above, and to request that you will be so good as to favour Government with the opinion of the Indian Merchants' Chamber on the provisions of the Bill.

Bill

Civil Procedure Code;
Amendment of _____;
(execution of decrees and orders).

Government of Bombay,

Home Department

Resolution No. 1568/2

Bombay Castle 4th March 1927.

Letter from the Government of India in the Legislative Department No. F. 74-II-26-A.O., dated the 14th February 1927:

" With reference to the Debates of the Legislative Assembly

1. The Code of
Civil Procedure (x
xx Amendment)
Bill

2. Extract from
Legislative As-
sembly Debate
dated 2nd Febr-
uary 1927 regard-
ing the Bill.

dated the 2nd February 1927, I am directed to forward herewith 100 copies of the papers noted on the margin and to request that the Governor in Council will favour the Government of India in this Department with an expression of his opinion on the provisions of the Bill and with the opinions of the

Honourable the Judges of the High Court and of such selected officers and other persons as the Governor in Council may think fit to consult on the subject.

2. I am also to request that the Bill and Statement may be published in the Bombay Government Gazette in English and in

such other languages as the Governor in Council may deem proper and that the dates of such publication may be communicated in your reply;

3. The reply to this letter should be sent in by the 1st July 1927."

Extract from the Legislative Assembly Debate
Vol. IX No. 10.

The Assembly met in the Assembly Chamber of the Council House, New Delhi, on Wednesday, the 2nd February, 1927.

o o o o o o

The Code of Civil Procedure (Amendment) Bill,
(Execution of Decrees and Orders.)

The Honourable Sir Alexander Muddiman (Home Member) Sir,
I move :

"That the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes, (Execution of decrees and orders) be referred to a Select Committee."

As I explained when introducing the Bill, this Bill contains a number of proposals formulated by the Civil Justice Committee as a result of their examination into the delays arising out of execution. The Civil Justice Committee have made very interesting observations on this question, not only in connection with the particular subject-matter of the Bill, but also on the general question of delays in execution. They made a very just remark that there was a tendency, perhaps, to over-estimate delays in execution and the actual figures of unrealized decrees were not entirely a true measure of the case. But they did agree that in India, speaking broadly, a litigant very often commences his troubles when he gets his decree, and, with that view, they made certain specific recommendations, which after consultation with Local Governments and High Courts, we have embodied in the Bill before the House. I think I would not be quite correct in saying that, in all instances, all these proposals have been before

High Courts, but the bulk of them certainly the most important of them, have been, and the proposals we are now bringing before the House are in some cases, slightly modified from those which were made by the Civil Justice Committee. I think it is difficult for me to say what the principle of this Bill is beyond saying that it is a general attempt to remedy defects in the law arising out of the present execution law. Execution law is obviously an agglomeration of minutiae of procedure, and therefore is not susceptible of any broad line before the House and each of these proposals has really to be judged on its own merits.

I might perhaps very briefly refer to one or two of the proposals contained in the Bill. Clause 2 makes it clear that orders settling a sale proclamation under rule 66 of Order XXI of the Code are purely administrative actions and subject neither to appeal nor revision. That I think, is accepted by everybody as a desirable change in the law and it is effected in clause 2 of the Bill by an addition to clause 2) of section 2 of the Code. Clauses 3 and 4 allow concurrent execution by several courts, subject to the restriction imposed by the decision of the Privy Council in the Maharaja of Bobbili's case, which is a case very familiar to my Honourable friends opposite. With regard to the executing court, we do not, however, give the entire powers conferred on the original court, and restrictions will be found by the House in clause 17 of the Bill. Clause 5 extends to execution proceedings the ordinary rule that objections to jurisdiction must be taken at the earliest possible moment. Clause 6 is not based on a direct recommendation of the Civil Justice Committee, but I think it will be regarded by the House as a valuable safeguard in that it provides that a court by which a decree has been passed cannot send it for execution to any other court if the amount or value of the subject-matter of the suit in which the decree has been passed exceeds the pecuniary limits of the ordinary jurisdiction of such other court. Clauses 7 and 13 amplify and clarify the *Explanation* to section 47 and, further, make second appeals subject to special leave. The amendment of section 47 made by clause 7 provides or rather makes it clear that a stranger purchaser in execution is a representative of the parties within the meaning of that section. Clause 8 clarifies and

simplifies the provisions regarding attachment contained in section 60 of the Code. It treats all salaries and most allowances on the same lines, and I think it may be regarded as an improvement on the existing provision in the law. Clause 10 embodies a specific proposal of the Committee. It bars the plaintiff, in certain circumstances, from maintaining a suit based on a *benami* transaction and amends section 66 so as to extend that section also to defendants who at the time of the suit are not in possession of the properties sold in auction. The Committee made some valuable observations on the general question of *benami* transactions, but they were not themselves unanimous in their view of that particular transaction and the only specific recommendation they made was the one which is embodied in the Bill under consideration. The subject, of course, as Honourable Members know, is one of very great difficulty. Clause 11 gives civil courts authority similar to that now given to the Collector, under the existing Code, for the satisfaction of a decree by a temporary alienation. Clause 12 puts forward a new proposal recommended by the Civil Justice Committee allowing the creditor who has taken out execution to receive a preference to the extent of $2\frac{1}{2}$ per cent from the distributable share beyond his own share.

I do not think that the remaining provisions of the Bill are of sufficient importance for me to draw the particular attention of the House to them. They are satisfactorily explained in the notes on the clauses of the Bill which are annexed to the Bill. I should like to tell the House that, although, as I have said in my opening remarks, it is true that the High Courts have been consulted on the bulk of the provisions in this Bill, it is equally true that they have not seen the actual form in which these proposals have been embodied in legal language, and there are also one or two proposals which they have not seen. I have moved for a reference to Select Committee, but I recognise that these are matters of complication which require the best advice that the Government of India are able to obtain, not only as to the actual principle of the amendments but also as to the form they should take. I notice that a motion for circulation has been put on the paper. If that motion is moved and if it commends itself to the House I myself will raise no objection. Sir, I move,

Mr. President : Motion moved :

"That the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes be referred to a select Committee."

Mr. H. G. Cocke (Bombay ; European): In view of the concluding remarks of the Honourable the Home Member there is very little for me to say in moving the motion which stands on the paper in my name. It seems to me that this is essentially a measure which ought in its present form to be circulated for opinions. It is true, as the Honourable the Home Member said, that the High Courts have seen the main suggestions embodied in this Bill, but they have not seen them in the way in which they have been set out and certain of the clauses are new. It is also true that a Select Committee of this House can secure considerable legal scholarship and learning to consider a measure of this sort, but at the same time there is no immediate hurry, and I think it would be very much better if this Bill was first circulated for opinions. It will be noted that in sub-clause (2) of clause 1 of the Bill it is stated that it will come into force on the 1st day of January, 1928. Well, I take it that opinions can be called for and obtained before that date and probably that date can remain in the sub-clause. I do not know whether it is a practice in calling for opinions to fix a date by which they are to be sent in, but it occurred to me that it might be possible, if there were any urgency to bring this measure into force on the 1st January, 1928, to ask for opinions by the 31st July of this year. Sir, I move,

"That the Bill be circulated for the purpose of eliciting opinions thereon"

The Honourable Sir Alexander Muddiman. As I said before I am quite prepared to accept that motion and we will call for opinions, but we must give the High Courts reasonable time. I may say that we have had protests from the High Courts in connection with a number of opinions that they were asked to give on several proposals of the Civil Justice Committee.

Mr. President : The original motion was :

"That the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes, be referred to a Select Committee."

Since which the following amendment has been moved

That the Bill be circulated for the purpose of eliciting opinions thereon."

The question that I have to put is that that amendment be made.

The motion was adopted.

BILL

Further to amend the Code of Civil Procedure, 1908, for certain purposes.

Whereas it is expedient further to amend the Code of Civil Procedure, 1908, for the purposes hereinafter appearing; It is hereby enacted as follows :—

1. (1) This act may be called the Code of Civil Procedure Short title and (Amendment) Act, 192 .
commencement.

(2) It shall come into force on the 1st day of January, 1928.

2. In clause (2) of section 2 of the Code of Civil Procedure, 1908
Amendment of (hereinafter referred to as the said Code), after sub-
section 2, Act V clause (b), the following shall be added, namely : —
of 1908.

"(c) any adjudication or decision relating to the manner in which a proclamation of sale in execution of a decree shall be drawn up or the matters included therein."

3. For section 38 of the said Code the following section shall be substituted, namely
Substitution of
new section for
section 38, Act
V of 1908.

"38. Subject to the provisions hereinafter contained, a decree
Court by which may be executed by the Court which passed it or by
decree may be any Court or Courts to which it is sent for execution
executed. or by all or any of such Courts simultaneously."

4. In section 39 of the said Code,—

Amendment of
section 39, Act V
of 1908.

(a) in clause (b) of sub-section (1), the words "has not property within the local limits of the jurisdiction of the said Court which passed the decree sufficient to satisfy such decree and" shall be omitted; and

(b) after sub-section (2) the following sub-section shall be added, namely:—

"(3) Where a decree has been sent for execution to another Court and any property against which it can be executed is situated within the local limits of the jurisdiction both of the Court which passed the decree and of the Court to which it is so sent, the Court which passed the decree shall not execute the decree against such property until such other Court has certified the result of the execution to the Court which passed the decree."

5. After section 39 of the said Code the following section shall be inserted, namely:—

Insertion of new
section after sec-
tion 39 in Act V
of 1908.

"39A. No objection as to the jurisdiction of any Court by which a decree has been executed shall be allowed by any appellate or revisional Court unless such objection was taken, at the earliest possible opportunity in such first-mentioned Court and unless there has been a consequent failure of justice."

6. After section 40 of the said Code the following section shall be inserted, namely:—

Insertion of new
section after sec-
tion 40, Act V of
1908.

"40 A. Nothing hereinbefore contained shall be deemed to authorise any Court by which a decree has been passed to send it for execution to any other Court, if, the amount or value of the subject-matter of the suit in which the decree was passed exceeds the pecuniary limits of the ordinary jurisdiction of such other Court."

Amendment of section 47, Act V of 1908. *Explanation to section 47 of the said Code the following shall be substituted, namely :--*

"Explanation.--For the purposes of this section,--

- (a) any plaintiff whose suit has been dismissed or any defendant against whom a suit has been dismissed shall be deemed to be a party to the suit unless he has been improperly joined as a party and his name has been struck out by the Court, or, in the case of a defendant, the plaintiff has claimed no relief from him ; and
- (b) a purchaser at a sale in execution of a decree shall be deemed to be a representative both of the decree-holder and of the judgment-debtor to whom the property sold belonged."

Amendment of section 60, Act V of 1908. 3. In the proviso to sub-section (1) of section 60, of the said Code,--

(a) in clause (h), for the words "allowances (being less than salary)" the words "any subsistence grant or allowance," and for the words "absent from duty" the words "under suspension" shall be substituted ; and

(b) in clause (i), for the words beginning with the words "the salary or allowances" and ending with the words "one moiety of the salary in any other case" the following shall be substituted, namely :--

"the salary or, in a case where no salary is drawn, the allowances, of any such public officer or servant as is referred to in clause (h), to the extent of--

- (i) the whole of the salary or allowances, where the same does not exceed forty rupees monthly ;
- (ii) forty rupees monthly, where the whole of the salary or allowances exceeds forty rupees and does not exceed eighty rupees monthly ; and

(iii) one-half of the salary or allowances in any other case."

9. In sub-section 63 of the said Code, for the words "under whose decree the words "by whose order shall be submitted,

Amendment of section 63, Act V of 1908.

10. To sub-section (1) of section 66 of the said Code after the words "the plaintiff claims" the following shall be added, namely :—

Amendment of section 66, Act V of 1908.

"and in any suit or other proceeding instituted on or after the 1st day of January, 1928, no plea shall be maintainable by or on behalf of a defendant or any person opposing or objecting to any claim that any person certified as aforesaid made the purchase on behalf of such defendant, opponent or objector is in possession of the property purchased."

11. For Section 72 of the said Code the following section shall be substituted, namely :—

Substitution of new section for section 72, Act V of 1908.

"72. (1) Where in any local area in which no declaration under section 68 is in force the property attached consists of land or of a share in land, the Court shall inform the Collector of the attachment and shall, if it is satisfied, whether on a representation made by him or otherwise, that the public sale of the land or share is objectionable and that satisfaction of the decree may be made within a reasonable time by a temporary alienation of the land or share, either provide or authorise the Collector to provide for such satisfaction in such manner as it or he, as the case may be, thinks fit, instead of proceeding to a sale of the land or share.

(2) Where the Court authorises the Collector to provide for the satisfaction of the decree under sub-section (1), the provisions of sections 69 to 71 and of any rules made in pursuance thereof shall apply so far as they are applicable."

12. (1) In sub-section (1) of section 73 of the said Code, for the words "the assets, after deducting the costs of realization, shall be rateably distributed among all such persons" the following shall be substituted, namely :—

"the costs of realization shall be deducted from such assets, and of the remainder one-fortieth part shall be payable to the person by whom the first of such applications was made, and the balance shall be rateably distributed among all the persons who have made such applications."

(2) In sub-section (2) of the same section the word "rateably" shall be omitted.

13. In section 102 of the said Code, after the words "five hundred rupees" the following shall be added, namely :—

"or, without the leave of the Court, in any proceeding for the determination of any question within section 47."

14. For section 145 of the said Code the following section shall be substituted, namely, —

"145. (1) Where any person has become liable as a surety, or where any immoveable property is made liable as liability against a security,—
surety or against property given as security.

(a) for the performance of any decree or any part thereof, or

(b) for the restitution of any property taken in execution of a decree, or

(c) for the payment of any money, or for the fulfilment of any condition imposed on any person, under an order of the Court in any suit or in any proceeding consequent thereon,

the decree or order may be executed in the manner provided for the execution of decrees, against such person, after giving to him such notice as the Court may consider sufficient to the extent to which he has rendered himself personally liable, or, as the case may be, against the property made liable as security, to the extent of the amount secured.

(2) For the purposes of section 47, a person against whom a decree is being, or has been, executed under sub-section (1) shall be deemed to be a party to the suit or proceeding, and any order relating to the attachment and sale of any property made liable as security under that sub-section shall be deemed to be the determination of a question within that section shall apply accordingly;

Provided that the Court may, if it thinks fit, direct the person who has applied for the execution of the decree or order to institute suit for the enforcement of such security."

15. Section 152 of the said Code shall be renumbered as sub-section (1) of that section, and to that section as so re-numbered the following sub-section shall be added, namely:—

Amendment of section 152, Act V of 1908.

"(2) The power conferred by sub-section (1) upon the Court in respect of its own decrees or orders may be exercised in respect of any decree or order sent to it for execution, and any correction made in a decree or order in exercise of this power shall be communicated forthwith to the Court by which a decree or order was passed."

16. For rule 7 in Order XX in the First Schedule to the said Code (that Schedule being hereinafter referred to as the said Schedule) the following rule shall be substituted, namely:—

Amendment of Order XX, First Schedule, Act V of 1908.

"7. (1) The decree shall bear date the day on which the judgment was pronounced.

Date, scrutiny signature of decree.

(2) As soon as the decree has been drawn up, the Court shall cause a notice to be exhibited upon a conspicuous part of the Court

house stating that such decree has been drawn up the court shall cause a notice to be exhibited upon a conspicuous part of the Court house stating that such decree has been drawn up and saying that it may be scrutinised by the parties or their recognised agents or pleaders, and shall cause a copy of the notice to be served on the pleader, if any, or on any one of several pleaders, duly appointed to act for any party.

(3) Any party to the suit or the recognised agent or pleader of any such party may, within three days of the exhibition of the notice or, where a copy of the notice has been served on a pleader, of such service, either sign the decree or prefer an objection to the court that the decree has been incorrectly prepared.

(4) After the expiry of the period of three days referred to in sub-rule (3), the Judge shall, if he is satisfied that the notice has been exhibited, or exhibited and served, as required by sub-rule (2) and that the decree is drawn up in accordance with the judgement, sign the decree.

(5) Where any party or the recognised agent or pleader of any party has failed or refused to sign the decree, the fact of such failure or refusal shall be recorded by the Court on the decree."

17. In Order XXI in the said Schedule, the following amend.

Amendmet of Order XXI, First Schedule, Act V of 1908

ments shall be made, namely:--

(1) After rule 2 the following rule shall be inserted, namely:--

"2A. No Court executing a decree shall recognise or give effect to any plea by a judgment-debtor that prior to the passing of the decree the decree-holder had agreed not to execute the decree either wholly or in part against him".

(2) Rule 6 shall be re-numbered as sub-rule (1) of rule 6, and to that rule the following sub-rules shall be added, namely:--

(2) If the Court sends the decree for execution to more Courts than one, it shall, from time to time, inform each such Court of the names of all other Courts to which the

decree has been so sent, and shall send to each such Court a certificate setting forth the extent to which the satisfaction of the decree has been obtained by execution whether by itself or by any other Court to which it has been sent.

- (3) Where the decree has been sent for execution to more Courts than one, no such Court shall cause to be sold, otherwise than as hereinafter provided in rule 43, any property which has been attached in execution of the decree save by direction of the Court which sent the decree."

(3) In rule 29, after the words "of such Court" the words "or of a decree which has been sent for execution to such Court" shall be inserted.

(4) In rule 53—

(a) in clause (a) of sub-rule (1), after the words "if the decrees were passed by the same Court" the words "or if the decree sought to be attached was passed by the Court to which the decree under execution has been sent for execution" shall be inserted;

(b) in clause (b) of the same sub-rule, after the words "which passed", in both places where they occur, the words "or is executing" shall be inserted; and

(c) in sub-rule (4), after the words "which passed" the words "or is executing" shall be inserted.

(5) In rule 98, for the words "at his instigation", in both places where they occur, the words "on his behalf" shall be substituted.

18. In Order XLI in the said Schedule,—

Amendment of
Order XLI. First
Schedule, Act v
of 1908.

(i) rule 2 shall be re-numbered as sub-rule (1) of rule 2, and to that rule the following sub rule shall be added, namely :—

"(2) No appellant shall, except by leave of the Court, urge or be heard in support of any objection that the decree has not been drawn

up in accordance with the judgment, unless a like objection has been taken by him or on his behalf in the Court which passed the decree and before the decree was signed by the Judge of that Court; and

(ii) after rule 10 the following rule shall be inserted, namely,—

“10A. The Appellate Court shall, in every case of an appeal preferred by a judgment-debtor against an order determining a question within section 47 where the decree under execution is one for the payment of money only, before the respondent is called upon to appear and answer demand from the appellant security for the due satisfaction of the decree, and, if such security is not furnished within such time as the Court orders, the court shall reject the appeal.”

STATEMENT OF OBJECTS AND REASONS.

In Chapters 29, 30 and 31 of their Report the Civil Justice Committee made a number of recommendations for the amendment of Part II and Order XXI of the First Schedule, Code of Civil Procedure, 1908, relating to the execution of decrees and orders. The Bill gives effect to those recommendations which involve amendments in Part II of the Code, and a few amendments in Order XXI. The remaining recommendations for the amendment of that Order are under separate consideration.

Clause 2 makes it clear that order settling a sale proclamation under rule 66 of Order XXI First Schedule to the Code, are purely administrative and subject neither to appeal nor revision.

Clauses 3 and 4 permit concurrent execution by several courts subject to the restriction imposed by the decision of the Privy Council in the Maharaja of Bobbili's case (I. L. R. 39, Madras 640), Sub rules (2) and (3) to rule 6 of Order XXI, proposed in *Clause 17* provide necessary safeguards.

Clause 5—New section 39A extends the principle of section 21 of the Code to execution proceedings.

Clause 6.—New section 40A makes it clear that the court which executes the decree must be a court which would have been competent to make the decree.

Clause 7 and 13--The intention of the *Explanation* to section 47 is made clearer, and second appeals are made subject to special leave. *Clause 18 (ii)* provides that when a judgment-debtor appeals against an order under that section where the decree is for the payment of money only, he must give security for the decretal amount. The Committee's proposals for the restriction of first appeals from orders under that section are being separately provided for, as these cannot suitably be effected by an amendment of the Code.

Clause 8 correlates leave allowances other than subsistence grant or allowance to salary, while giving full exemption to subsistence grant or allowance.

Clause 10 extends, but not with retrospective effect, the scope of section 66 to the defendant, opponent, or objector who is not in possession of the property purchased.

Clause 11.—Revised section 72 gives Civil Courts authority similar to that now conferred by the section as it stands as present on the Collector for the satisfaction of the decree by a temporary alienation.

Clause 12 allows the creditor who has taken out execution to receive towards the satisfaction of his decree a preference to the extent of $2\frac{1}{2}$ per cent. of the distributable fund in addition to his own share.

Clause 14. Section 145 is revised so as to give the court power to realise the property or interest comprised in the security by execution in the suit or proceeding itself without a fresh suit. Power is, however, reserved to relegate the creditor to a fresh suit as a precaution to meet cases of special complication.

Clause 15 gives the court to which a decree is sent for execution concurrent power with the court which passes the decree to correct errors apparent on the face of the decree or order to be executed read with the judgment on which it is based. The executing court is required to communicate the correction to the court which passed the decree.

Clauses 16 and 18 (i)--Pleders are required to sign a decree when they are satisfied that it is in conformity with the Judgment, and an appeal based on the ground that a decree has been improperly drawn up is barred except by special leave, unless an objection has been taken at the proper time in this manner in the court passing the decree.

Clause 17.--New rule 2A prohibits the entertainment by the executing court of a plea advanced by a judgment-debtor that the decree-holder had agreed that the decree should not be executed.

Sub-clauses (3) and (4) and clause 9 give the court to which a decree has been transferred the powers conferred by rules 29 and 53 (1) of Order XXI on the court which passed the decree, and the former court is also given the same precedence under section 63 as the latter court.

Sub-clause (5) brings the wording of rule 98 of Order XXI into line with that of section 74 in respect of the words "at his instigation".

23rd January 1927.

ALEXANDER MUDDIMAN.

No. G, 879 28th April 1927.

From Chamber to the Government of Bombay
Home Department, Bombay.

I am directed by my Committee to acknowledge receipt of your letter No. 1568.B, dated the 8th March 1927 inviting their opinion on the Bill further to amend the Code of Civil Procedure, 1908, for certain purposes.

My Committee appreciate the desire of the Government of India of giving effect to the various recommendations of the Civil Justice Committee re: delays arising out of execution of decrees and orders, and they support the proposed amendments in the Civil Procedure Code of 1908.

APPENDIX 64

**Proposed amendment in section 96 of Civil Procedure
Code 1908.**

No, 2551/ 2-B, 26th September.
Bombay Castle, 5th October 1927.

**From the Government of Bombay, Home Department
to Chamber,**

I am directed by the Governor in Council to forward here with a copy of a Resolution of Government in this Department No. 2551/2, dated this day, and of its accompaniments, on the subject of the Bill further to amend section 96 of the Code of Civil Procedure 1908, and to request that you will be so good as to favour Government with the views of the Indian Merchants Chamber on the provisions of the Bill,

Bill.

Civil Procedure Code; amendment of
section 96,

GOVERNMENT OF BOMBAY.

HOME DEPARTMENT.

Resolution No. 2551/2.

Bombay Castle, 26th September 1927.

Letter from the Government of India in the Legislative Department, No. F.—100/ III/27-A.C., dated the 31st August 1927:—

"With reference to the Debates of the Legislative Assembly, dated the 24th August 1927, I am directed to forward herewith 100 copies of the papers noted below* and to request that the Governor in Council will favour the Government of India in this Department with an expression of his opinion on the provisions of the Bill and with the opinions of the Honourable Judges of the High Court and of such selected officers and other persons as the Governor in Council may think fit to consult on the subject,

°(1) The Code of Civil Procedure (Amendment) Bill with statement of Objects and Reasons. (2) Extracts from Legislative Assembly Debates dated 24th August 1927 regarding the Bill,

"2. I am also to request that the Bill and Statement may be published in the *Bombay Government Gazette* in English and in such other languages as the Governor in Council may deem proper and that the date of such publication may be communicated in your reply.

"3. The reply to this letter should be sent in by the 1st December 1927.

RESOLUTION.—Copies of the foregoing letter from the Government of India and of its accompaniments should be forwarded to the High Court, the Court of the Judicial Commissioner of Sind, the Advocate General, the Solicitor to Government, the Remembrancer of Legal Affairs, the Government Pleader, High Court, Bombay, the Bombay and Karachi Bar Associations, the Bombay Vakils' Association, the Pleaders' Association of Western India, the Bombay Incorporated Law Society, the Chamber of Commerce, Bombay, the Chamber of Commerce Karachi, the Bombay Presidency Trades' Association, the Indian Merchants' Chamber, the Bombay Mill-owners' Association and the Buyers' and Shippers' Chamber, Karachi, with a request that they will favour Government with their opinion on the provisions of the Bill.

2. The High Court and the Court of the Judicial Commissioner of Sind should be requested to consult such selected District Judges as they may think fit. The District Judges so selected should also consult their local Bar Associations.

3. The Bill with the Statement of Objects and Reasons should be forwarded to the Manager, Government Central Press, for publication in the *Bombay Government Gazette* and the Oriental Translator to Government, for early translation in Marathi, Gujarati, Kanarese and Urdu. The translations should be forwarded to the Manager, Government Central Press, for publication in the *Bombay Government Gazette*.

4. The Commissioner in Sind should be requested to have the Bill with the Statement of Objects and Reasons published in the *Simla Official Gazette* both in English and Sindhi.

5. The Commissioner in Sind and the Manager, Government Central Press, should report to Government the dates on which the Bill with the Statement of Objects and Reasons and translations are published in the Gazettes.

6. Opinions called for in the foregoing paragraphs should reach Government *not later than the 25th October 1927.*

By order of the Governor in Council,
J. MONTEATH,
Secretary to the Government of Bombay,
Home Department.

Extract from the Legislative Assembly Debates, Vol. IV No. 49

The Assembly met in the Assembly Chamber, Simla, on
Wednesday, the 24th August. 1927.

o o o o o

THE CODE OF CIVIL PROCEDURE (AMENDMENT) BILL.

The Honourable Mr. J. Crerar (Home Member): Sir, I move that the Bill to amend section 96 of the Code of Civil Procedure, 1908, for a certain purpose, be circulated for the purpose of eliciting opinions thereon.

Sir, the way of the reformer, even when his proposals are very modest, is never easy, and this is particularly so, apparently, if he proposes to amend the Civil Law. I confess that the attitude of the House on the measure I have just submitted to the House is not entirely encouraging, but I propose to proceed with this small measure because all that I am asking the House to do is to consent to its being circulated for the purpose of eliciting opinions thereon. The measure itself is even more restricted than that contained in my previous Bill. It relates only to cases in which, acting under section 47 of the Civil Procedure Code, an objection by a judgment debtor

has been taken to the execution of a decree for money on the ground that the decretal amount has been taken to the execution of a decree for money on the ground that the decretal amount has been paid in whole or in part,

It proposes to provide that in certain cases there should not be an appeal where the amounts does not exceed Rs. 200. Well, Sir, many of the general considerations which I alleged in moving my motion on the previous Bill apply also to this and I do not propose either to weary the House by reiteration or to attempt at this stage to go in close detail into the merits of the Bill. All that I ask for at this stage is that the House should consent to the Bill being circulated in order that opinions may be elicited upon it,

Mr. C. Duraiswamy Aiyangar (Madras ceded Districts and Chittoor ; Non-Muhammadan Rural) : Sir, I have no objection to the Honourable the Home Member having this motion passed. It means nothing more than a little expenditure of postage and stationery and nothing else. But I am constrained to point out that the Honourable the Home Member often follows the practice of the materialistic age that the Scriptur is looked at only from the outside and never looked into for its contents inside. Sir, he refers to the Civil Justice Committee's Report as his scriptur, but I fail to see the least resemblance between what the Civil Justice Committee has reported on this matter and the measure which the Honourable Member has placed before this House. The Civil Justice Committee, in making some halting recommendation in regard to this matter, has distinctly pointed out that in the case of District Munsifs, against whose decision there should be no appeal, special authorisation should be made by the Local Government in specific cases. But what is provided for by this measure is that all course exercising jurisdiction of over two thousand rupees shall *ipso facto* be entitled to the privilege of having their orders not tested even by first appeal. All along we have been discussing the question of how people are deprived of their right of second appeal and a good deal of enthusiasm and eloquence, perhaps disproportionate to the subject itself was exhibited in this House when the previous motion was before us. On the other hand

this is a case in which there is an attempt to deprive the parties even of the privilege of a first appeal to the first appellate court. Perhaps they would say that there should not be an appeal even from Phillip drunk to Phillip sober. I do not really understand what kind of cases are contemplated by this measure. If only the Honourable the Home Member will look at Order XXI, rule 2, clause 3, of the Civil Procedure Code, he will find that there is an absolute prohibition there that payments which are not certified in court according to the provisions of rule No's 1 and 2 are not to be recognised by an executing court at all, and therefore, cases of payments or adjustments if adjustments are also contemplated so far as I am aware, perhaps that is not contemplated actual cases of payment in discharge of a decree which will possibly arise for decision in the first court and which will necessitate an appeal to the first appellate court must be something more complicated than that which is contemplated or covered by Order XXI, Rule 2, clause 3. Therefore, Sir, to say that a party should not be allowed the privilege of having even a first appeal in cases of this kind is literally to give an autocratic power to courts. Secondly, I am unable to understand which courts are contemplated when the Bill provides that "no appeal shall lie from the decision of any Court the pecuniary limits of whose jurisdiction exceed two thousand rupees." So far as I am conversant with the affairs of my Presidency--I do not know of other Presidencies--every Munsif's court exercises jurisdiction up to three thousand rupees, and therefore there is no court which exercises jurisdiction below two thousand rupees, I do not therefore really see which courts are contemplated when it is stated here that in cases of courts exercising jurisdiction of less than two thousand rupees, there must be a specific designation made by the Local Government in this behalf. I am sure if this Bill is sent for circulation, those whose opinions are asked will be left to imagine what kinds of courts the Honourable the Home Member had in view in preparing this Bill, or if he is only its foster father, what his predecessor had in view in framing this Bill and they would go on drawing upon their imagination and probably come to panchayat courts or such other courts which are not executing decrees but only passing decrees. I am unable exactly to understand the scope of the present Bill and

therefore I would have it recorded in the proceedings that this Bill does not really receive the approbation of this House. But for my part, after stating these views, I would not personally grudge the privilege to the Honourable the Home Member of having this motion passed and the Bill sent out for circulation.

Sir Hari Singh Gour (Central Provinces Hindi Divisions : Non Muhammadan): I wish to draw the attention of this House to the fact that this is another of those tiny measures which the Government have brought forward on the recommendation of the Civil Justice Committee. Let me very briefly explain to the House what this measure means. We are told that the troubles of the decree holder begin when he obtains the decree and this Bill is intended to aggravate those troubles. Under the law as it is administered at present all matters relating

Mr. President : Does the Honourable Member wish to oppose this motion ?

Sir Hari Singh Gour : Yes. All matters relating to execution, discharge and satisfaction of a decree are counted as decrees within the meaning of law, and consequently, there is an appeal and also a second appeal when it lies against the decree of a Court. Now, this right of appeal to the decree holder is denied and is being curtailed in the circumstances mentioned in the Bill, the object of which is once more to reduce the right of appeal. It may be said, " We are doing so in petty cases", that is to say, in the case of money decrees of small value. But I think Honourable Members will agree with me that money cases not triable by a Small Cause Court may affect immoveable property and that as affecting immoveable property they may be of inestimable value. For instance, it may be a rent suit, it may be a suit for use and occupation of land, it may be for damages and compensation for land, or it may be for contribution to a member of a joint Hindu family, or it may be one of those cases where in the guise of a money suit a right in immoveable property is agitated by a party. In all such cases where a party gets a decree, it is not merely decrees according to its face value, but it leads to certain legal presumptions. If it is a rent suit.....

Mr. President: Order, order. The Honourable Member knows that the passing of this motion does not commit the House to the principle of the Bill at all, and therefore speeches on it should ordinarily be short.

Sir HariSingh Gour: I shall make a very short speech in view of the lateness of the hour. The money value may be small, but the effect of it upon the jural relationship of the parties might be very great, indeed. I, therefore, submit that the time has not come, for the reasons which you have endorsed only a few minutes ago, when we should embark on this piece of legislation which would curtail the right of a person to appeal against a decision given by the executing court. I therefore submit that the principle of this measure should be opposed.

Mr. President. The question is:

“That the Bill to amend section 96 of the Code of Civil Procedure, 1908, for a certain purpose, be circulated for the purpose of eliciting opinions thereon.”

The motion was adopted.

A

Bill

TO

*Amend section 96 of the Code of Civil Procedure,
1908, for a certain purpose.*

WHEREAS it is expedient to amend section 96 of the Code of Civil Procedure, 1908, for the purpose hereinafter appearing; It is hereby enacted as follows:--

1. This Act may be called the Code of Civil Procedure Short title. (Amendment) Act, 192 .

2. To Section 96 of the Code of Civil Procedure, 1908 the Amendment of the following sub-section shall be added, namely:--
section 96, Act V
of 1908.

"(4) No appeal shall lie from the decision of any Court the pecuniary limits of whose jurisdiction exceed two thousand rupees, or of any other Court specially designated in this behalf by the Local Government, determining under section 47 an objection by a Judgment-debtor to the execution of a decree for money on the ground that the decretal amount has been paid or adjusted in whole or in part, if the amount claimed to have been paid or adjusted does not exceed, in the case of such first mentioned Court, five hundred rupees, or, in the case of such other Court, two hundred rupees."

STATEMENT OF OBJECTS AND REASONS.

In paragraph 2 of Chapter 30 of their Report the Civil Justice Committee recommend *inter alia* that in cases where orders in execution of money decrees are passed under section 47 of the Code of Civil Procedure, 1908, on pleas by the judgment debtor that payment or part payment had been made, there should be no appeal from such orders when passed by specially empowered Munsifs or corresponding officers up to a limit of Rs. 200, and by subordinate Judges or corresponding officers up to a limit of Rs. 500. The Bill seeks to give effect to this recommendation by an amendment of section 96 of the Code. As the Code, however, does not provide for the classification of subordinate Courts, a limit of Rs. 2,000 has been adopted to indicate the difference between the two classes of Courts with final Jurisdiction.

The 10th March 1927.

A. P. MUDDIMAN.

No. G. 2793 23rd November 1927.

From Chamber to the Government of Bombay Home Department Bombay.

With reference to your letter No. 2551-2-B, dated the 5th October 1927, I am directed to send hereby views of my Committee regarding the above as follows:—

- The proposed amendment in Section 96 of the Code of Civil Procedure, 1908, will deprive parties of the right of appeal and my Committee are, therefore, of opinion that such legislation should not be undertaken as it would act harshly on the litigant public.

APPENDIX 65

Proposed Amendment in the Indian Succession Act.

No. 1645/2-B Bombay Castle, 23rd March 1927.

From the Government of Bombay Home Department.

I am directed by the Governor in Council to forward herewith a copy of a Resolution of Government in this Department No. 1645/2, dated this day, and of its accompaniments, on the amendment of section 372 of the Indian Succession Act, 1922, and to request that you will be so good as to favour Government with the opinion of the Indian Merchants' Chamber on the provisions of the Bill,

Bill.

Indian Succession Act, 1925.

Amendment of Section 372.

GOVERNMENT OF BOMBAY.

HOME DEPARTMENT.

Resolution No. 1645/2,

Bombay Castle 10th March 1927.

Letter from the Government of India in the Legislative Department, No. F. 126-I/26-A.C., dated the 25th February 1927 :--

" With reference to the Debates of the Legislative Assembly dated the 15th February 1927, I am directed to forward herewith 100 copies of the papers noted below and to request that the Governor in Council will favour the Government of India in this Department with an expression of his opinion on the provisions of the Bill and with the opinions of the Honourable Judges of the High Court and of such selected officers and other persons as the Governor in Council may think fit to consult on the subjects,

o (1) The Indian Succession (Amendment) Bill by Maulvi Muhammad Yakub.

(2) Extracts from the Legislative Assembly Debates dated 15th February 1927, regarding the Bill.

"2. I am also to request that the Bill and Statement may be published in the *Bombay Government Gazette* in English and in such languages as the Governor in Council may deem proper and that the dates of such publication may be communicated in your reply.

"3. The reply to this letter should be sent in by the 1st June 1927."

RESOLUTION.—Copies of the foregoing letter from the Government of India and of its accompaniments should be forwarded to the High Court the Court of the Judicial Commissioner of Sind, the Commissioner in Sind, the Commissioners of Divisions, the Advocate General Bombay the Remembrancer of Legal Affairs, the Government² Pleader High Court, Bombay, the Bombay and Karachi Bar Associations, the Bombay Vakils' Association, the Pleaders' Association of Western India, the Bombay Incorporated Law Society, the Chamber of Commerce, Bombay, the Chamber of Commerce, Karachi, the Bombay Presidency Trades Association and the Indian Merchants' Chamber with a request that they will favour Government with their opinions on the provisions of the Bill.

2. The High Court and the Court of the Judicial Commissioner of Sind should be request to consult such selected District Judges as they may think fit. The District Judges so selected should also consult their local Bar Associations.

3. The Bill with the Statement of Objects and Reasons should be forwarded to the Manager, Government Central Press, for publication in the *Bombay Government Gazette* and the Oriental Translator to Government for early translation in Marathi, Gujarati, Kanarese, and Urdu. The translations should be forwarded to the Manager Government Central Press, for publication on the *Bombay Government Gazette*.

4. The Commissioner in Sind should be requested to have the Bill with the Statement of Objects and Reasons published in the *Sind Official Gazette* both in English and in Sindhi.

5. The Commissioner in Sind and the Manager, Government Central Press, should report to Government the dates on which the

Bill with the Statement of Objects and Reasons and the translations are published in the Gazette.

6. The opinion called for should reach Government not later than the 1st May 1927.

By order of the Governor in Council,
J. MONTEATH,
Secretary to the Government of Bombay,
Home Department.

A
BILL

Further to amend the Indian Succession Act, 1925.

WHEREAS it is expedient further to amend the Indian Succession Act, 1925 ; It is hereby enacted as follows :—

1. This Act may be called the Indian Succession (Amendment) Short title, Act, 192 .

2. After sub-section (2) of section 372 of the Indian Succession Amendment of Act 1925, the following sub-section shall be added, section 372, Act XXXIX of 1925, namely:—

“(3) Application for such a certificate may be made in respect of any debt or debt due to the deceased creditor or in respect of portions thereof. But nothing herein contained shall be deemed to allow separate (or successive) applications being made in respect of portions of the same debt, (whether) by the same (or a different) heir.

There is serious conflict between the different High Courts as to whether certificate can be applied for or granted in respect of a portion of a debt. The Allahabad High Court holds that this can not be done (*Ghajur Khan vs. Kalandari Begum*, 33 All page 327) while the Calcutta High Court holds the contrary of a more equitable view (*Annapurna Dasee vs. Nalani Mohan Das*, 42 Cal., page 10). An important question of far-reaching effects involved and it is necessary that it may be set at rest, Justice Karanass Hussain has

in *Ghafur Khan's* case referred to the difficulty likely to be caused by the Allahabad High Court view on pages 893--4, It is well known that dowers are very often fixed at enormous amounts which can never be recovered. Suppose the dower fixed is II lacs, as in the case of *Muhammad Ali vs. Puttan Babi* (19 All page 129). The woman dies leaving her husband, father and mother as heirs. The husband himself is entitled to half. Her assets may be worth only one lac or some less. Is it a fact that the husband should prevent the father and the mother from realising what they can, by urging that they should first pay succession certificate duty on II lacs! Similar difficulties may arise in case of other debts where part only may be recoverable owing to the scanty assets of the debtors. The Calcutta view seems more reasonable and this Bill is meant to give effect to that view.

MUHAMMAD YAKUB.

The 15th November, 1926.

No. G. 884 28th April 1927.

**From member to the Government of Bombay Home
Department Bombay.**

With reference to your letter No. 1645/2-B, dated 23rd March 1927, I am directed by my Committee to send to you hereby their views on the Bill further to amend the Indian Succession Act; 1925.

My Committee are glad to note that the Bill under reference removes the anomaly from the Indian Succession Act, 1925, regarding the grant of the succession certificate in respect of a portion of a debt. Out of the two conflicting views of the Allahabad and Calcutta High Courts re. the grant of the succession, the Bill is intended to give effect to the views of the Calcutta High Court which holds that the succession certificate can be granted in respect of a portion of a debt. But the amending section, as is framed, does not go far enough to give full effect to the views of the Calcutta High Court. My Committee, therefore, suggest that the Section 2 (3) of the Bill should be framed as below so as to conform the same fully to the views of the Calcutta High Court—

"Section 2 (3).— Application for such a certificate may be made in respect of any debt or debts due to the deceased creditor or in respect of portions thereof. But nothing herein contained shall be deemed allow separate applications being made in respect of portions of the same debt by the same heir."

APPENDIX 66.

**AMENDMENTS IN THE INDIAN
Registration Act 1908.**

No. G. 1344 5th July 1927,

**From Chamber to the Government of Bombay, General
Department, BOMBAY.**

I am directed by the Committee of this Chamber to draw your attention to the fact that the Government of Bombay have not consulted the commercial bodies regarding the Bill to amend the Indian Registration Act, 1908. This Bill was introduced in the Legislative Assembly by Mr. C. Duraiswami Ayyangar and then circulated for public opinion. The Government of Bengal, it appears, have consulted the commercial bodies there but the Government of Bombay have not done so. My Committee will be much obliged if you will be pleased to let them know the reasons for this action, if any. They may be allowed to point out, in this connection, that this is not the first occasion on which they are put to the painful necessity of writing to the Government of Bombay with reference to their omission to refer important commercial questions to commercial bodies. References in such cases are useful both to the Government and the Commercial community and my Committee trust that in future the Government will not need to be reminded regarding this.

No. 8615-A/34, Bombay Castle, 27th July 1927.

**From Government of Bombay Revenue Department
to Chamber.**

With reference to your letter No. G. 1344 dated 5th July 1927,

enquiring why the Indian Merchants' Chamber was not consulted on the provisions of the Bill further to amend the Indian Registration Act, 1908, introduced by Mr. C. Duraiswami Aiyanger in the Legislative Assembly, I am directed by the Government of Bombay (Transferred Departments) to invite attention to paragraph 2 of Government letter, General Department No. 2894/D dated 30th September 1926 in which the Chamber was informed that it was for the public bodies concerned to express their opinion on important communications of the Government of India, which are published in the Gazette of India as well as in the local official Gazette, if they so desired. In the case of Mr. Duraiswami's Bill the Government of India did not say that they wanted to have the opinion of the mercantile community and it was not considered necessary to consult the Chambers of Commerce. As your Chamber is anxious to express its opinion, I am to forward a copy of the Bill and of the extract from the Legislative Assembly Debates dealing with it, and to request that the views of the Chamber may be communicated to Government with the least possible delay.

A

BILL

Further to amend the Indian Registration Act, 1908.

WHEREAS it is expedient further to amend the Indian Registration Act, 1908, for certain purposes; It is hereby enacted as follow :—

1. This Act may be called the Indian Registration (Amendment) Act, 192 .

2. For section 40 of the Indian Registration Act, 1908 (here-
 Substitution of in after referred to as the said Act), the following
 new section for section 40, Act XVI of section shall be substituted, namely:—
 1908.

"40. (1) The testator or the donor of any authority to adopt

Persons entitled to present wills and authorities to adopt.	may present the will or the authority to any Registrar on sub-Registrar for registration.
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(2) will or an authority to adopt presented for registration by the testator or donor may be registered in the same manner as any other document."

3. For section 41 of the said Act the following section shall be

Substitution of new substituted, namely ;—
section for section
41, Act xvi of 1908.

"41. (1) Any person claiming as executor or otherwise, and
Registration of the donee of any authority to
wills and authori- adopt or the adoptive son may,
ties to adopt. after the death of the testator or
donor, apply to the Registrar or the Sub-Registrar
for registration of the will or the authority.

(2) If the execution of the will or the authority is admitted
it shall be registered if the registering officer is
satisfied—

- (i) that the will or authority was executed by the testat-
or donor, as the case may be;
- (ii) that the testator or the donor is dead and;
- (iii) that the person presenting the will or the authority
is entitled to present the same.

(3) If the execution of the will or authority by the testa-
tor or donor is denied, the Registrar or Sub-regis-
trar shall make an order of refusal and endorse the
words "Registration refused" on the document presen-
ted for registration.

(4) When a Registrar or Sub-Registrar refuses to order
a will or authority to be registered, any person
claiming under such a document, or his representa-
tive, assign or agent, may, within thirty days after
the date of the order of refusal, institute in the Civil
Court, within the local limits of whose original
jurisdiction is situate the office in which the docu-
ment is sought to be registered, a suit for a decree
directing the will or authority to adopt to be regis-
tered in such office if it is duly presented for regis-
tration within thirty days after the passing of such
a decree.

- (5) The provisions contained in sub-sections (2) and (3) of section 75 shall *mutatis mutandis* apply to the will or the authority to adopt presented for registration in accordance with any such decree and notwithstanding anything contained in this Act the document shall be receivable in evidence in such suit."

4. In sections 42, 43, 44, 45 and 46 of the said Act, after the Amendment of word "Registrar", wherever it occurs, the words sections 42, 43, 44, "or Sub-Registrar" shall be inserted, 45, and 46 Act XVI of 1908.

5. To section 68 of the said Act the following sub-sections shall Amendment of be added as sub-sections (3), (4) and (5), namely:— section 68, Act XVI of 1908.

"(3) on the application of any of the parties and after notice to the parties and after hearing such of them as desire to be heard or of his own motion without such notice the Registrar may at any stage—

(a) withdraw any inquiry under section 34 and under section 41 pending before any Sub-Registrar in the district and dispose of the same or transfer the same for trial or disposal to any other Sub-Registrar in the district, or

(b) retransfer the same for trial or disposal to the Sub-Registrar from whom it was withdrawn.

When any inquiry has been transferred or withdrawn under clause (a), the Registrar may either re-try or proceed from the point at which it was transferred or withdrawn.

- (4) The Inspector-General of Registration may, subject to the provisions of sub-section (3), transfer an inquiry pending before a Registrar to another Registrar.

The provisions of section 75(2) shall apply to inquiries transferred under sub-sections (3) and (4)."

6. To section 77 of the said Act following sub-section shall be added as sub-section (3), namely:—
Amendment of section 77, Act XVI of 1968.

"(3) sections 71 to 77 shall not apply to wills and authorities to adopt tendered for registration under sections 40 and 41."

7. Section 87 of the said Act shall be renumbered section 87(1), and the following sub-section shall be added to the section, namely:—
Amendment of section 87, Act XVI of 1968.

"(2) A document otherwise duly presented and registered under this Act shall not be deemed invalid except on the ground that the whole or some portion of the property to which the document relates has not been shown to exist within the district or sub-district where such document has been presented for registration."

STATEMENT OF OBJECTS AND REASONS.

Under section 98 of the Indian Registration Act documents referred to therein have to be presented for registration in the office of the Sub-Registrar within whose sub-district the whole or some portion of the property to which such document relates is situate. In a case that came up for decision in 1914 the Privy Council held that a parcel of land included in a mortgage deed for the purpose of registering the same in the registration district of Calcutta was not in existence and that it was in fact a fictitious entry. It was therefore held that the registration of the deed was invalid (I.L.R. 41 Calcutta 972). On account of some of the observations made by the Privy Council in this case various pleas for invalidating the registration of documents have been taken in the Courts of law and the principle of the decision of the Privy Council in 41 Calcutta 972 has been unduly extended.

(1) Where the property which gave jurisdiction to the Sub Registrar was in existence but the mortgagor had no title to it and the mortgagee had no knowledge of this fact and there was no collusion between the mortgagor and mortgagee, it was held that the registra-

tion of the document was not invalid (I.L.R. 41 Allahabad, page 22.) (2) Where the property existed but did not belong to the executant and where it was found that neither the vendor nor the vendee intended that the property so included should be affected by the deed, it was held that the deed was not validly registered (I.L.R. 43 Madras 436, and I. L. R. 43 Calcutta 509). (3) Where the mortgagee knew that the property which gave jurisdiction to the Sub-Registrar did not belong to the executant it was held that such knowledge would invalidate the registration of the document [A. R. Allahabad series 231 (1922)]. (4) Where the property which formed the subject-matter of a document was situated partly in Benares and partly elsewhere and it transpired that the transferor had no title to the property situated in Benares where the document was registered, it was held that the registration was valid as the transferor was acting in a perfectly *bona fide* manner (4 Patna L. J. 432). Various other distinctions to which it is unnecessary to refer at length have been drawn in the decided cases. A fruitful source of uncertainty in regard to titles has thus been introduced by the decisions of the Privy Council and of the High Courts in India which requires the intervention of the Legislature. Before the Privy Council decision in I. L. R. 41 Calcutta 972 the inclusion in a document of a few cents of land for purposes of registration was a common practice in some parts of the country and the decisions abovementioned are a direct inducement to litigants to set up these pleas. It is therefore proposed in the Bill that except in the case where the property included in the document for conferring jurisdiction to the Sub-Registrar is not in existence, a document duly registered should not be declared invalid.

2. The present procedure in regard to inquiries relating to wills and authorities to adopt is too cumbrous and dilatory. Under the provisions of the Registration Act, 1908, inquiries into the genuineness or otherwise of wills and authorities to adopt can be made by a Sub-Registrar, or a Registrar. If a will is presented for registration to a Sub-Registrar and if its genuineness is denied, he has to take all the evidence tendered by those who support as well as by those who contest the will. If

the Sub-Registrar comes to the conclusion that the will is not genuine and refuses to register the document, an appeal lies to the Registrar under section 73 of the Act. The Registrar is empowered under sections 74, 75 and 76 to summon the witnesses and hold an inquiry *de novo* or to come to a decision on the evidence recorded by the Sub-Registrar. If the Registrar also refuses to order the registration of the document, the party concerned can institute a civil suit, where again the whole of the evidence comes under review. A good deal of time and money is now wasted in inquiries before the Sub-Registrar and Registrar in regard to questions relating to the execution of wills and the litigating parties and witnesses are harrassed by being dragged to Courts on three different occasions regarding the same transaction. The inquiry before the Sub-Registrar in regard to this class of transactions is not of the same throughgoing character as a trial before a Civil Court where the rules of evidence are carefully observed by a trained judicial officer. The tendency of the litigants has been not to accept decisions of the Sub-Registrar and the Registrar but to take the matter to a Civil Court for final decision.

In these circumstances it is proposed in the present Bill that where the will or the authority to adopt is tendered for registration after the death of the testator or the donor, the Registrar or the Sub-Registrar should refuse the registration of the documents if their genuineness is denied by any party interested therein and that the registering officer should await the decision of a Civil Court and should take action under sections 74 and 75 in accordance with the result of the suit.

3. Opportunity has also been taken to amend the section of the Act relating to the deposit of wills. A testator is now obliged to go all the way to the district headquarters to deposit a will with the Registrar. The present arrangement by which wills can be deposited only with a single officer in each district is obviously inconvenient and the provisions of the Act regarding the deposit of wills have not been much availed of. It is therefore proposed in the Bill to empower Sub-Registrars also to receive deposits of sealed packets containing wills. There has been a general improvement in the

quality of the officers of the Registration department and there is no reason now why this power should not be extended to Sub-Registrars. In any event under the provisions of the Bill the testator will have the option to deposit a will with the Registrar or with the nearest Sub-Registrar,

4. There is no provision in the principal Act for the withdrawal or transfer of an inquiry from a registration officer when a suitable case for transfer or withdrawal is made out. The registration of the various kinds of document involve very serious consequences and may cause sometimes considerable pecuniary loss or gain to individuals. Allegations of prejudice, corruption and partiality are sometimes made against individual officers of the department and requests for transfer of inquiries from the file of some of these officers have been made to the controlling officers. But there is no provision in the Act empowering the district Registrar to transfer an inquiry from the file of one Sub-Registrar to that of another. There is no provision in the Indian Registration Act analogous to section 34 of the Code of Civil Procedure in regard to transfer of suits from one Court to another. The present Bill removes this defect and gives authority to the Registrar to transfer or withdraw any inquiry or to transfer the same from one Sub-Registrar to another in the district and the same power is given to the Inspector-General in respect of proceedings pending before the Registrar.

CHITTOOR:

C. DURAISWAMI AIYANGAR,

10th December, 1926.

No. G. 1831, 24th August 1927,

**From Chamber to the Government of Bombay, Revenue
Department, BOMBAY.**

With reference to your letter No. 8615 A2 4, dated the 27th July 1927 re, above, I am directed to inform you that my Committee generally approve of the provisions of the Bill amending the Indian Registration Act of 1908,

APPENDIX 67

The Bombay Cotton Markets Bill.

No. G. 12176, 19th July 1927.

From Chamber, to the Government of Bombay, Revenue
Department, Bombay.

The attention of the Committee of this Chamber has been drawn to a Bill to provide for the establishment and the better regulation of cotton markets in the Bombay Presidency, introduced in the Bombay Legislative Council at its last session.

My Committee appreciate the desire of the Government to enact a piece of legislation for better provision for the marketing of cotton and kapas by growers of the Presidency. I am directed by my Committee in this connection to draw your attention to the fact that the fixed rules for all the cotton markets of the Presidency without any due regard to the varying local conditions and practices of different districts, will not prove beneficial to those for whom this piece of legislation is enacted. My Committee have particularly in view the cotton districts of Sindh. They understand that the Chamber of Commerce of Karachi has represented to Government that the Bill under reference, should it become law, should not be enforced or in any way applied to any place in Sindh until the question has been discussed with the interests concerned, particularly in Karachi and also in Sindh's cotton producing stations. The Karachi Indian Merchant's Association are also of opinion that the establishment of cotton markets in Sind as proposed in the Bill, would not conduce to the interests of, either the growers or the ginners of cotton or the cotton trade in general. My Committee understand that there are some peculiar features of the Sind Cotton trade and the wholesale application of the rules embodied in the Bill under reference to this province will rather complicate the situation than clarify the same. They therefore, suggest that suitable changes should be made in the Bill so as to make its application to Sind more in accord with the demand of the people of that province.

ANNUAL REPORT OF THE
APPENDIX 68.

Bill to further amend the Indian Mines Act, 1923.

No. 18804-G 24.

Bombay Castle, 8th June 1927.

From the Government of Bombay Revenue Department to Chamber.

I am directed by the Governor in Council to forward a copy of Government Resolution No. 8804/24 dated 24th May 1927 and to request that Government may be favoured with the opinion of your Chamber on the provisions of the Bill further to amend the Indian Mines Act, 1923.

2. The reply to this reference may, please, be forwarded so as to reach Government not later than 15th August 1927.

Indian Mines Act 1923.

A Bill further to amend the--

GOVERNMENT OF BOMBAY,

REVENUE DEPARTMENT.

Resolution No. 8804/24.

Bombay Castle, 24th May 1927.

Letter from the Government of India, Legislative Department, No. F.-121-27. A. O. dated 16th April 1927 :--

"With reference to the Debates of the Legislative Assembly dated the 25th March 1927, I am directed to forward herewith copies of the papers noted below and to request that the Governor in Council will favour the Government of India in this Department with an expression of his opinion on the provisions of the Bill and with the opinions of the Honourable Judges of the High Court and of such selected officers and other persons as the Governor in Council may think fit to consult on the subject.

1. The Indian Mines (Amendment) Bill,
2. Extract from the Legislative Assembly Debates dated 25th March 1927 regarding the Bill.

" 2. I am also to request that the Bill and Statement may be published in the *Bombay Government Gazette* in English and in such other languages as the Governor in Council may deem proper and that the dates of such publication may be communicated in your reply.

" 3. The reply to this letter should be sent in by the 1st October 1927.

A
BILL

Further to amend the Indian Mines Act, 1923, for certain purposes.

WHEREAS it is expedient further to amend the Indian Mines Act, 1923, for certain purposes; It is hereby enacted as follows :—

Short title and commencement. 1. (1) This Act may be called the Indian Mines (Amendment) Act, 192 .

(2) It shall come into force on the 1st day of April, 1930.

2. In section 23 of the Indian Mines Act, 1923 (hereinafter referred to as the said Act), after clause (c) the following clause shall be inserted, namely :—
Amendment of section 23, Act IV of 1923.

"(d) for more than twelve hours in any consecutive period of twenty-four hours."

3. After section 23 of the said Act, the following clause shall be inserted, namely --
Insertion of new sections 23A, 23B, and 23C in Act IV of 1923.

" 23A. Work shall not be carried on in any mine for a period exceeding twelve hours in any consecutive period of twenty-four hours except by a system of shifts so arranged that not more than one shift of persons employed in work of the same kind shall be at work in the mine at the same time.

23B. Where work is carried on by a system of shifts, the manager of the mine may, notwithstanding any special provision for change of shifts, thing contained in clause (d) of section 23, not

more than once in every seven days, permit persons who have been employed on a shift of a duration not exceeding eight hours to return to work after an interval of not less than four hours on another complete shift of a duration not exceeding eight hours and permit persons who have been employed on a shift of a duration not exceeding twelve hours to return to work after an interval of not less than six hours for another complete shift of a duration not exceeding twelve hours.

23C. (1) The manager of every mine shall cause to be posted outside the office of the mine a notice in the prescribed form re-cribted from stating the time of the commencement and of the end of work at the mine and, if it is proposed to work by a system of shifts, the time of commencement and of the end of work for each shift. A copy of each such notice shall be sent (to the Chief Inspector, if he so requires).

(2) In the case of a mine at which mining operations commence after the 7th day of April, 1930, the notice referred to in sub-section (1) shall be posted not less than seven days before the commencement of work.

(3) Where it is proposed to make any alteration in the time fixed for the commencement or for the end of work in the mine generally or for any shift, an amended notice in the prescribed form shall be posted outside the office of the mine not less than seven days before the change is made, and a copy of such notice shall be sent to the Chief Inspector not less than seven days before such change, if he so requires or if the original notice was sent to him."

4. In sections 24 and 25 of the said Act, after the word and figures "section 23" the words, figures and letter "or section 23A" shall be inserted.

Amendment of sections 24 and 25, Act IV of 1923.

5. After section 26 of the said Act, the following section shall be inserted, namely :--

Insertion of new section 25 A in Act IV of 1923.

"25A, Save in such circumstances as may be prescribed, no person shall employ or permit to be employed in a mine any person whom he knows or has reason to believe to have already been employed in any other mine during the preceding twelve hours."

6. (1) Section 28 of the said Act shall be re-numbered sub-section (1) of section 28, and to that sub-section after the word "employments" the following shall be added, namely :—
Act IV of 1923,

"and, where work is carried on by a system of shifts, of the shifts, in which each such person works,"

(2) To the same section the following sub-section shall be added, namely ;—

"(2) No person shall be employed in a mine until the particulars required by sub-section (1) have been recorded in the register in respect of such person, and no person shall be employed except during the hours of work specified for him in the register,"

7. In section 31 of the said Act,
Amendmentsec-
tion 31 of Act
IV 1923,

(a) in sub-section (3) the words "or rule" in both places where they occur, the words " in the case of a regulation, and the words " and in the case of a rule to every Mining Board constituted in the province " shall be omitted ; and

(b) after sub-section (3) the following sub-section shall be inserted, namely :—

"(3A) No rule shall be made unless the draft thereof has been referred to every Mining Board constituted in the province for which it is proposed to make the rule, and unless each such Board has had a reasonable opportunity of reporting as to the expediency of making the same and as to the suitability of its provisions,"

STATEMENTS OF OBJECTS AND REASONS

The weekly hours of work for persons employed in mines are limited to 60 in the case of persons working above ground and to 54 in the case of persons working below ground. But there is no statutory limit on the daily hours of work, so that, for example, there is nothing to prevent a miner from being employed for 17 or 18 hours in one day. During the debates in the Legislative Assembly on the Mines Bill (which afterwards passed into law as the Mines Act, 1923) a proposal was made to place a direct limitation on the daily hours of work. The proposal was rejected, but the Hon'ble Sir Charles Innes on, behalf of Government promised to examine, in consultation with Local Governments, the question of introducing a compulsory system of shifts in mines. The main part of the present Bill is the outcome of this examination,

2. While the primary object of the Bill is the imposition of a limitation on the daily hours of work, it must not be supposed that hours of work in mines are generally excessive. It is probably the case that in few mines do the miners maintain a standard of more than eight hours' work daily on the average; and it is not anticipated that the daily Bill if passed, will have any appreciable effect in reducing hours of work. The main advantages which the Bill is designed to secure are of a different character. The present system (or lack of system) in many mines encourages miners to spend long hours underground and makes satisfactory supervision difficult. It tends to increase the number of accidents in several ways, and it diminishes the potential efficiency of the Indian miner. The shift system has been introduced with success in a number of mines, and it would probably be introduced more generally without compulsion were it not for the danger that labour may gravitate to those mines where restrictions are absent. That danger will disappear when regularity in working hours is made the general rule, and it is believed that the system now proposed will be to the general advantage both of the mineowner and the miner.

3. There is no suggestion from any quarter that a limitation should be imposed on the hours within which work may be carried on in a mine, and it is intended that mineowners should be at liberty to carry on work for the whole 24 hours. If the mineowner

is willing to restrict the total hours of work to the limit that may be prescribed for the individual worker, the declaration beforehand of the hours within which the mine is to be worked is sufficient to enable control to be exercised over working hours. But when a mineowner desires that the mine should be worked for a longer period than the daily limit prescribed for the individual worker, the enforcement of a system of shifts is essential if control has to be maintained. Further, the Government of India are satisfied that, if effective control is to be exercised, it is necessary that the shifts should be so arranged that they do not overlap. In other words, if the workmen of any particular class, *e. g.*, coal cutters, are to be divided into a number of shifts, not more than one such shift should be employed in the mine at the same time.

4. If this is accepted, it means that there are only two-shift systems which can reasonably be considered. There are the two-shift system, in which the limit of each shift is 12 hours and the three-shift system in which the limit is 8 hours. The three shift system is already in force in a few mines in India; but the Government of India consider that it is, at present at any rate, out of the question to enforce an 8 hours' day in Indian mines. They have therefore reached the conclusion that it is impracticable at present to attempt to fix a lower limit for the daily hours of work than twelve. Under the Bill, if passed, mine owners will have the option of (1) limiting the hours of working over the mine as a whole to 12 daily, and (2) introducing a system of shifts, not exceeding 12 hours each, so arranged that the hours under two shifts of the same type of worker do not overlap. The detailed provisions by which this end is to be secured are explained in the Notes of Clauses, where an explanation is also given of clause 7 which is unconnected with the main part of the Bill.

NOTES OF CLAUSES.

Clause 1.—It is considered desirable that, even after the Bill is passed, mineowners should have a period of grace in which to make the adjustment that will be necessary in many mines. It is therefore proposed that the Bill should not be brought into operation until 1st April 1930.

Clause 2.—The amendment proposed makes it unlawful to employ any person for more than 12 hours in any consecutive 24 hours.

Clause 3.—The new section 23A enforces the introduction of shifts in all mines working for more than 12 hours out of the 24. Section 23B is designed to allow for a periodical change of shifts, necessary wherever the workers are not to be compelled to work within the same hours (e.g., night hours) for indefinite periods. Section 23C provides for the notices necessary to enable the inspecting staff to enforce the Act.

Clause 4.—Section 24 of the main Act exempts the supervising staff from the provisions limiting hours of work and section 25 enables the manager to employ labour in contravention of these provisions in the case of an emergency on work necessary to protect the safety of the mine or the workers in it. This clause is rendered necessary by the introduction of the new section 23A.

Clause 5.—This provision is required to prevent the evasion of the limitations on hours of work which would be possible if double employment were permitted.

Clause 6.—Section 28 of the main Act provides for the maintenance of a register of workers and their hours of work. The first amendment to it is consequential on the introduction of the shift system; the second is necessary for the enforcement of the restriction on daily hours; and, coupled with the new section 23C, giving the inspecting staff what is required to enable them to ascertain whether the law is being observed or not.

Clause 7.—Under the existing law, all regulations and rules have to be referred to Mining Boards before they are published for criticism. It has been brought to the notice of Government that in the case of rules, which are made by Local Governments, this provision lead in some cases to unnecessary delay, and that Mining Boards may, on occasion, more suitably be consulted after criticisms have been received from the general public. The proposed amendment will give Local Governments the power to consult

Mining Boards at the stage which appears best to them. No change is proposed in the law relating to regulations, which are framed by the Government of India.

B. N. MITRA.

The 5th March, 1927.

No. G 1600 3rd August 1927.

From Chamber to the Government of Bombay Revenue Department, B O M B A Y.

With reference to your letter No. 8804-G/24, dated the 8th June 1927, regarding above, I am directed by my Committee to inform you that they approve generally of the provisions of the Bill under reference,

APPENDIX 6g.

Land Acquisition Act Amending Bill.

No. 8808-F/24. Bombay Castle, 23rd April 1927.

From the Government of Bombay Revenue Department to Chamber.

I am directed by the Governor in Council to forward copies

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| <p>* (1) Land Acquisition (Amendment) Bill by Mr. N. C. Kelkar,</p> <p>(2) Extract from the Legislative Assembly Debates dated 15th February 1927 on the Bill,</p> | <p>of the * papers noted in the margin and to request that this Government may be favoured with the</p> |
|--|---|

views of your Chamber on the provisions of the Bill not later than the 16th May 1927.

A
BILL
TO

Amend the Land Acquisition Act, 1894, for certain purposes.

Whereas it is expedient to amend the Land Acquisition Act,

1894, for certain purposes hereinafter appearing; It is hereby enacted as follows:

1. This Act may be called the Land Acquisition (Amendment) Short title, Act 192 .

2. In clause (e) of section 3 of the Land Acquisition Act, 1894 (hereinafter referred to as the said Act), for the Amendment words "or under the (English) Companies Acts, 1862 of section 3, to 1890, or incorporated by an Act of Parliament or Act I of 1894 of the Governor-General in Council, or by Royal Charter or Letters Patent" the following shall be substituted, namely:—

"holding a rupee capital, and having on its directorate a majority of Indian directors, or among its shareholders a majority of Indian shareholders ;

Provided that no land shall be acquired for any such Company or Society unless at least half of its capital has been actually subscribed."

3. In sub-section (1) of section 4 of the said Act, after the words "official Gazette" the words "and in at least Amendment two of the local vernacular newspapers in the district of section 4, triot" shall be inserted, and to the same sub-section Act I of 1894 the following shall be added at the end, namely:—

"and also inform the owner and the actual occupier of the land about the intended acquisition of the land by serving a notice upon them."

4. In section 5¹ of the said Act, for the words "refer the dispute to the decision of the Collector or other chief Amendment of section 5, Act I of 1894, revenue-officer of the district and such decision shall be final" the words "refer the dispute to the decision of an Arbitration Board constituted in the manner hereinafter stated in Part III" shall be substituted.

5. In sub-section (2) of section 5A of the said Act, for the words Amendment of section 5A, Act I of 1894. "the Local Government," wherever they occur, the words "the District Court" shall be substituted,

6. (1) In the proviso to sub-section (1) of section 6 of the said Amendment of section 6, Act I of 1894. Act, after the word "unless" the letter and brackets "(a)" shall be inserted, and after the

words " by a local authority " the following shall be added, namely :--

"(b) the compensation is to be paid by Government and the property to be acquired is in extent more than two acres,"

(2) To the same sub-section the following further proviso shall be added, namely :--

"And provided also that no such declaration shall be made unless the purpose for which the land may be needed to be acquired has been approved as a public purpose by a specific resolution of the Legislative Council of the Province in which the land may be situated."

(3) To sub-section (2) of the said section 6 the following shall be added at the end namely,--

"And when any land is to be acquired for a public purpose, the declaration shall state the time within which the acquisition shall be completed and also the time within which the work, for which the land is to be acquired, shall be executed."

Amendment of section 9, Act I of 1894. 7. In sub-section (2) of section 9 of the said Act, for the word "publication" the word "service" shall be substituted.

Amendment of section 11, Act I of 1894. 8. In section 11 of the said Act, for the words "and shall make an award " the following shall be substituted, namely,--

"and if he and all the persons interested, who have attended in pursuance of the notice mentioned in section 9, agree as to the amount of compensation to be allowed or the apportionment of the compensation, the Collector shall accordingly make an award."

Amendment of section 12, Act I of 1894. 9. After sub-section (2) of section 12 of the said Act the following sub-section shall be added, namely,

"(3) In case the Collector and any of the persons interested, who have attended in pursuance of the notice mentioned

in section 9, fail to agree as to the amount of compensation to be allowed or the apportionment of the compensation, the Collector shall proceed to ascertain and determine the amount of compensations and its apportionment in the manner stated hereinafter in Part III."

Amendment of section 15, Act I of 1894. 10. In section 15 of the said Act, after the word "Collector" the words "or the Arbitration Board" shall be inserted.

Substitution of new section for section 16, Act I of 1894. 11. For section 16 of the said Act the following section shall be substituted, namely:

"16. (1) When the award delivered by the Arbitration Board is unanimous, the Collector may take possession of the land which shall thereupon vest absolutely in the Government free from all encumbrances.

Provided that such possession shall not be taken unless the amount of the award has been paid to the owner or owners of the land or deposited in the District Court or the Imperial Bank to his or their credit;

Provided also that when the property to be acquired is a house or a dwelling tenement and the award gives to the person to be evicted another house or dwelling accommodation as a substitute, no such possession shall be taken, unless the person to be evicted is actually put in possession of such other house or dwelling accommodation.

2) In every case in which the compulsory acquisition of land or house-property results in the eviction of more than thirty persons, the award under section 11 or delivered by the Board of Arbitrators as laid down in Part III shall make provision for the housing of evicted persons suitable to their position in life or for securing to them approximately the same convenience and comfort as was available in the house or houses from which they were evicted."

12. In Part III of the said Act in the heading, for the word "Court" the words "Arbitration Board" shall be substituted.

Amendment of
the Heading to
Part III, Act I
of 1894.

13. For section 18 of the said Act the following section shall be substituted, namely :--

Substitution of
new section for
section 18, Act
I of 1894.

"18. If in the inquiry before the Collector under section 11 difference of opinion or dispute arises with respect to any damage or compensation or market-value of land to be acquired under

Reference to Ar-
bitration Board.

this Act, the person dissatisfied with the offer of the Collector may, by an application to the Collector, express his willingness to get the amount settled by arbitration, and the Collector shall thereupon refer the matter for determination to a Board of five Arbitrators, of whom two shall be appointed by the person whose property is declared to be acquired, two by the party for whom the property may be in the course of acquisition, and one, who shall be the Sir-Panch shall be elected by the four members of the Panchayat already appointed as above.

The Collector shall then call upon the parties by a written notice to be served upon them to name their respective arbitrators within a fixed period, but which shall not be less than fifteen clear days from the date of the service of the notice.

If on the date so fixed the names of the arbitrators are declared, the Collector shall, by a written notice, inform the arbitrators about their appointment and shall also call upon them within a fixed period to elect a Sir-Panch, and being informed about the election of the Sir-Panch the Collector shall intimate to the Sir-Panch about his appointment,

If the parties fail to declare the names of their respective arbitrators, or if the four arbitrators fail to elect the Sir-Panch within the prescribed period, the Collector may himself make the appointments ; so also if any member of the Board fails to appear or refuses to act, the Collector shall have the power to appoint any competent person to fill his place."

14. For section 19 of the said Act the following section shall be substituted, namely :-

Substitution of new section
for section 19, Act I of
1894.

"19. (1) In making the reference to the Board of Arbitrators, constituted as in the last section, the Collector's statement to the Board. llector shall state for the information of the Board in writing under his hand :

- (a) the situation and extent of the land with particulars of any trees, buildings or standing crops thereon ;
 - (b) the names of persons whom he has reason to think to be interested in such land ;
 - (c) the amount awarded for damages and paid or tendered under sections 5 and 17, or either of them, and the amount of compensation offered by the Collector under section 11 ; and
 - (d) if the objection be to the amount of the compensation, the grounds on which the amount of compensation was determined.
- (2) To the said statement shall be attached a Schedule giving the particulars of the notices served upon, and of the statements in writing made or delivered by, the parties interested, respectively.
- (3) The Collector shall fix the date on or before which the Arbitration Board should return the papers, together with its award, and the Collector may extend the time at the request of the Board."

15. For section 20 of the said Act the following section shall be

substituted, namely :...
 Substitution of
 new section for
 section 20, Act I
 of 1894.

" 20. The Board shall thereupon cause a notice, specifying the
 Service of notice. place where and the date on which the Board will
 proceed to decide the dispute, and directing the
 parties to appear, with their respective evidence if any, before the
 Board, to be served upon the following, namely,--

(a) the person or persons whose property is declared to be
 acquired ;

(b) the party for whom the property is in the course of acquisi-
 tion ; and

(c) all persons who are to the knowledge of the Board interested
 in the property except such (if any) of them as have con-
 sented without protest to receive payment of the compensa-
 tion offered by the Collector or Land Acquisition officer."

16. For section 22 of the said Act the following section
 Substitution of shall be substituted, namely :--
 new section for
 section 22, Act
 I of 1894,

"22. Every such proceeding before the Board shall take place
 Proceedings to be in open Court, and all persons entitled to
 in open Court, practice in any Civil Court in the Pro-
 vince shall be entitled to appear, plead and
 act (as the case may be) in such proceedings.

The Board shall also have the power to summon and enforce the
 attendance of witnesses and to compel the production of
 documents by the same means and, as far as may be, in the
 same manner as is provided in the case of a Civil Court
 under the Code of Civil Procedure, 1908."

17. In section 23 of the said Act—

Amendment of
section 23, Act
I of 1894.

(a) for the word "Court" in sub-sections (1) and (2) the words
"the Court or the Board" shall be substituted; and

(b) to sub-section (1) the following clauses shall be added,
namely:—

"Seventhly, the damage resulting from the use or beneficial purpose to which the owner of the land or any person interested in it might have applied the same in the course of events within a reasonable period;

Eighthly, the value of the land acquired due to its special position in the general configuration of the surroundings or the special adaptability of the land for any potential use or improvement whether by itself or jointly with the land from which it is severed, and also whether such use or improvement could be made by the proprietor of the land in his own right or with the help of the powers of a local authority or Local Government;

Ninthly, the damage resulting from the loss of profits or any business and good-will in the business materially dependent upon the land acquired;

Tenthly, the loss on account of suspension of business until other suitable premises are obtained;

Eleventhly, the cost of removal of the goods or furniture due to eviction;

Twelfthly, the value of fixtures on the land if taken and the loss on them if not taken."

18. In section 24 of the said Act, for the word "Court" the
Amendment of words "the Court or the Board" shall be substituted,
section 24, Act I
of 1894.

19. For section 26 of the said Act, the following section shall
Substitution of be substituted, namely:—
new section for
section 26, Act
I of 1894,

“ 25. The amount awarded by the Board shall not exceed
the amount claimed or be less than
Amount of the amount offered by the Collector
award. under section 11.”

20. For section 26 of the said Act the following section shall be
Substitution of substituted, namely;—
new section for
section 25, Act I
of 1894.

“ 26. On the close of the inquiry the Arbitrators or a majority
Form of award. of them shall deliver a full and complete award
in respect of the matter referred to them and shall therein
specify (as the nature of the case may require) the amount
awarded under the first clause of sub-section (1) of section
23 and also the amounts, if any, respectively awarded under
each of the other clauses of the same sub-section, the per-
sons entitled to the same, and the proportion in which they
are so entitled, together with the grounds of awarding each
of the said amounts. It shall be in writing signed by the
Arbitrators or a majority of them, as the case may be.

If the award is not unanimous, the Arbitrators who differ from
the majority may record their dissenting opinions with rea-
sons, if any. The dissenting minutes shall also form part of
the record.

Such award shall be delivered over to the Collector who shall
certify the same over his signature and it shall then become
final.

Such an award shall be conclusive evidence of the true area and
value of the land, and the apportionment of the compen-
sation among the persons interested.

In case of failure by the Board of Arbitrators to deliver any
award within the period described or extended from time
to time by the Collector, the Collector shall have the power
to make an award which shall be binding on all the parties
as if such award were made by the Board of Arbitrators
itself.

Every such award shall be a decree and the statement of the grounds of every such award a judgment within the meaning of section 2, clause (9) respectively, of the Civil Procedure Code, 1908.

After the award has been certified by the Collector, he shall communicate the same to the parties by a written notice."

21. For section 27 of the said Act the following section shall be substituted, namely:—
 Substitution of new section for section 27, Act I of 1894.

"27. Every award shall state the amount of costs incurred
 {in the proceedings under this part
 Costs, and by what persons and in what
 proportions they are to be paid.

When the offer of the Collector or Land Acquisition officer is not upheld the costs shall ordinarily be paid by the Collector, unless the Board shall be of opinion that the claim of the other party was so extravagant or that the party was so negligent in putting his case before the Collector that some deduction from his costs should be made or that he should pay a part of the Collector's costs.

Rules in the matter of the fees of the Arbitrators and the levying of process and bhatta as also the service of summones, etc., shall be made by the highest judicial authority of each Province."

22. In section 23 of the said Act, for the word "Court" occurring for the first and second time the words "Board of Arbitrators" shall be substituted.
 Amendment of section 28, Act I of 1894.

23. In sub-section (2) of section 31 of the said Act, the words
 "to which a reference under section 18 would be
 submitted" shall be omitted,
 Amendment of
 section 31, Act I
 of 1894.

24. In section 39 of the said Act, for the words "Local Govern-
 ment" the words "local Legislature" shall be sub-
 stituted,
 Amendment of
 section 39, Act I
 of 1894.

25. The whole of section 40 of the said Act shall be omitted.
 Omission of
 section 40, Act I
 of 1894

26. In section 41 of the said Act, —
 Amendment of
 section 41, Act I
 of 1894.

(a) for the words "Local Government" the words "local Legis-
 lature" shall be substituted ;

(b) the words "or on the report of the officer making an inquiry
 under section 40 shall be omitted ; and

(c) after clause (5) the following clause shall be added,
 namely:—

"(6) such other conditions as the local Legislature may lay
 down in that behalf."

27. To section 43 of the said Act the following proviso shall be
 added, namely :—

Amendment of
 section 43, Act I
 1894,

"Provided that no Local Government or the Government of
 India shall enter into or bind itself by an agreement with
 any railway company or other company to provide land for

the company except with the approval of the local or the Indian Legislatnre, as the case may be.

28. After section 48 of the said Act the following sections shall

Insertion of new sections 48A, 48B and 48C in Act I of 1894. be inserted, namely :-

"48 A. When any land is acquired for Government or a Corporation or Society or company and afterwards the Disposal of land whole or any portion of such land is found to be not by Government, required on account of the abandonment or whole or Corporation, partial failure of the object for which it was acquired, or any other cause, the Government or the Company or Society shall resell or lease the land to the person from whom the same was originally acquired, or his representative in interest, or, in case of his refusal, to any adjoining owner, for a price or rent or upon terms agreed to between the Government or the said Corporation, Company or Society on the one hand, and the person so entitled to pre-emption on the other, or decided by an Arbitration Board in the manner stated in

Part III.

48B. When any land is acquired for Government or Corporation or Company or Society and afterwards the whole Disposal of sur- of such land is not needed for the purpose for plus portion of which it was acquired the surplus portion of the land. acquired land shall be resold or leased by Government or such Corporation, Company or Society to the person from whom the same was originally acquired, or his representative in interest, or in case of his refusal to any adjoining owner, for a price or rent or upon terms agreed to between the Government or the said Corporation, Company or Society on the one hand, and the person entitled to pre-emption on the other, or decided by an Arbitration Board in the manner stated in Part III.

48C. In every case of a dispute as to whether a piece of land compulsorily acquired is surplus or not within the meaning of the above section, it shall be presumed that the land was surplus if it is proved that it was devoted permanently to some object which was not a purpose of the undertaking for which the land was acquired."

29. For sub-section (1) of section 49 of the said Act the following sub-section shall be substituted, namely:

Amendment of
section 49, Act
I of 1894.

"49. (1) Whereby reason of only a portion of a land, a house or a manufactory being compulsorily acquired any other portion of the land contiguously situated and belonging to the same owner is likely to be injuriously affected in a material degree, the owner shall have the right to call upon the party acquiring the land to acquire also the land so injuriously affected.

Provided that the District Court on an application by the owner shall have the power to determine the proper measure of such additional acquisition."

30. In sub-section (2) of section 50 of the said Act, after the word "Court" the words "or the Board of Arbitrators" shall be inserted.

31. For section 54 of the said Act the following section shall be substituted, namely:—
new section for
section 54, Act
I of 1894.

54. An appeal against the decision of the Board of Arbitrators shall lie to the District Court, provided that no such appeal shall lie in case the decision of the Arbitrators is unanimous.

An appeal against the order of the District Court shall lie to the High Court,

STATEMENT OF OBJECTS AND REASONS.

The Bill is intended to minimise the inequity and consequent discontent which marks the operation of the Land Acquisition Act. The first and the chief ground of discontent is of course the compulsory nature of acquisition. This, however, can hardly be avoided. Cases will occur where land, howsoever useful to and cherished by private owners, will have to be acquired for uses and purposes which may have a decidedly public and beneficent aspect, and for that reason a superior claim over private need or sentiment. But much of the objection to compulsory acquisition can be tempered by (1) the establishment of a bona fide public purpose making the acquisition morally inevitable, and (2) the payment of a really adequate compensation, in one or more ways, to the person deprived of the land acquired. As regards the first, the Bill proposes to give the inquiry under Part III the character of a really public inquiry and that also a judicial inquiry; so that even persons not directly connected with the land itself may still have a chance to question or challenge the alleged public usefulness of the work or scheme in whose interest the acquisition may be proposed.

As regards compensation, public opinion is severally adverse to the arbitrary powers vested in Land Acquisition officers by section 11. It is rightly believed that these officers, being paid servants of Government are naturally inclined to minimise the amount of compensation. The efficiency of the officers is supposed to vary in inverse proportion to the amounts granted by the awards. The awards are no doubt open to be challenged in (to appeals) District Courts. But District Judges, besides being paid officers of Government, are in most cases ignorant of local conditions which are really decisive in the proper assessments of compensation for the lands to be acquired. Then again, it is always an unequal fight between Land acquisition officers, backed by the legal and financial resources of Government, and private owners, who stumble over a number of technicalities, even preliminary to the appeal, and who as a rule find the appeals a costly affair. Success in these appeals cannot be gained without a material sacrifice of the amount of compensation granted, and failure means ruin in the case of poor individuals.

The best method of fixing the amount of compensation is believed to be by a Panchayat or Arbitration. An equal number of representatives of either party choosing, if necessary, a Sir-Panch, who gives the casting or decisive vote, are bound in their deliberation to take into consideration every factor favourable or unfavourable to either party to the dispute; and to focus, in their decision, the net result of these considerations. There is no reason why the method of arbitration should prejudice the interests of Government or the party in whose interest the acquisition is proposed rather than those of the owner of the land acquired.

The greatest advantage of the method of arbitration, however, remains to be told. And it is that formal submission to arbitration involves a legal estoppel of all parties submitting to it, when the award is unanimous and peremptorily and automatically stops all wasteful litigation. The justice or injustice which the parties get is got at the hands of their own elected representatives, and that removes all ethical as well as legal justification for complaint or discontent.

Some of the provisions, introduced by the Bill, are taken in the main from provisions which actually formed part of the Land Acquisitions Acts of 1870, and were omitted from the Act of 1894 without sufficient cause being shown therefor. In fact the omission is very suspicious, as it obviously favours the interest of Government of capitalists and Companies and Societies who move Government to acquire the land for their use. Official acquisition of land is in many cases the last resort of the unfair-minded landgrabber.

Provisions similar in spirit to those sought to be reintroduced by this Bill are to be found in some other legal enactments also; particularly the laws of England.

The power reserved to the Land Acquisition Officer at the different stages of the land acquisition proceedings to deliver a binding award in case of failure of arbitration for one cause or another, is sufficient precaution against undue delay or inconclusive proceedings of Arbitrators.

The Bill, without impairing the usefulness or the efficiency of the Act in any material particular, only helps to make its operation less unpopular because more equitable.

POONA The 6th December, 1926.

N. O. KELKAR.

Extract from the Legislative Assembly Debates, Vol. IX. No. 17

The Assembly met in the Assembly Chamber of the Council House,
New Delhi, on Tuesday, the 15th February, 1927.

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THE LAND ACQUISITION (AMENDMENT) BILL.

Mr. N. C. Kelkar (Bombay Central Division: Non-Muhammadan Rural): Sir, I beg to move that the Bill to amend the Land Acquisition Act, 1894, for certain purposes, be circulated for the purpose of eliciting opinions thereon.

Sir, on this subject the preliminary remarks that I had to make were made in my last speech on the last occasion, of course not knowing at that stage that a convention was being established that Bills should not be opposed by Government at the time of introduction. At any rate what I had to say has been said before; therefore I do not wish to take up the time of this House by making further remarks.

What I wish to say at this stage is that the motion I am moving is an absolutely modest one. I recognise this fact that it is no use winning this Bill by a snatch victory or losing it by a snatch defeat. There are many points in this Bill which may be contentious, and I can quite conceive an honest difference of opinion in regard to some of the points. I am personally convinced of the reasonableness of my points, but that is not the whole thing. Many associations and public bodies who are interested in land acquisition, may have got other views on the subject, and it is therefore absolutely reasonable that we should hear views from all sides before going to Select Committee and pressing my amendments. I am certain that the Bill will come back with a large body of opinion in my favour. Then I will move that it should be sent to a Select Committee. In the meanwhile I would only say that my motion being one for its circulation, I trust that the Government will not need to oppose it at this stage. I do not expect them to send it abroad with a blessing, but I hope that they will not send it out with a curse. I therefore move that my motion should be accepted.

Mr. J. W. Bhore (Secretary, Education, Health and Lands): Sir, I am glad that my Honourable friend has asked for circulation, for I am afraid Government would have had to oppose any other motion. The changes which this Bill seeks to bring about are of a somewhat revolutionary character, and before this House is in a position to address itself to their closer examination, as my Honourable friend quite rightly remarked, it should be in possession of the criticism of bodies who will primarily be affected by these changes and of authorities and individuals whose experience of land acquisition practice and procedure must be of great value in assisting this House to come to correct conclusions. As my Honourable friend Mr. Kelkar has remarked, it is not merely Local Governments that are interested but Local bodies, municipalities, railways and companies are all intimately concerned and I feel that they should be given the fullest possible opportunity for the free expression of their views before the House goes further into this measure. But I think, Sir, it is necessary that I should take this opportunity of indicating the objections, and I may say they are serious objections, which Government see to this measure. I shall try and confine myself as far as possible to the general features of this Bill and refer only to individual provisions so far as this may be necessary to facilitate reference to and illustrate the general principles involved.

The first important feature of this Bill, Sir, is that it substitutes judicial courts and provincial Legislative Councils for Local Governments as judges of what constitutes a public purpose within the meaning of the Act and of the need for the compulsory acquisition of property for that purpose. Let me take first the question of judicial courts. I contend that a judicial court is not and cannot be as good a judge of public needs as a Provincial Government because it cannot possess that wide administrative experience and knowledge which is necessary to assess fairly and justly public needs and requirements. Then, Sir, I speak under correction, it seems to me that no judicial court has anywhere been invested with the power of final decision on this question. I say final decision because as far as I can see from the Act, there is no provision for appeal from the decision of the district court on this point,

Now, Sir, let us come to local Legislative Councils and the part they are destined to play in this land acquisition drama which my Honourable friend proposes to stage. Let me read sub clause (2) of clause 6 of the Bill. It runs as follows:

" Provided also that on such declaration (namely, a declaration that the purpose is a public purpose) shall be made unless the purpose for which the land may be needed to be acquired has been approved as a public purpose by a specific resolution of the Legislative Council of the Province in which the land may be situated."

From the dim memories of my past district experience, let me
3 P.M. resuscitate the recollection of a case in which I once acquired for a certain municipality, let us call it A, 3 cents of land for a public latrine. I venture modestly to suggest that I did my work fairly and expeditiously, and in a very short time, a matter of days, the inhabitants of the town of A were blessed with the convenience desired. Now, what would happen if my Honourable friend has his way? The town of A might clamour for its latrine, but not a little finger could be raised to satisfy that clamour or that need until, to use the words of the Bill, the purpose for which the land was required had been approved as a public purpose by a specific resolution of the Legislative Council of the Province. It might well be, Sir, that the Council might not be in Session at the time the proposal was advanced. That would mean an initial delay amounting in some cases perhaps to months. Then, Sir, when the question came before the Council there might be a debate and in the end you might perhaps get your specific resolution declaring that a public latrine was a public purpose within the meaning of the Act. But, Sir, you would merely by this resolution be authorised to set in motion the further cumbrous procedure demanded by this Bill. In the meantime, Sir, what happens to the town of A? The convenience and desire of the town of A, the urgent needs of public health and sanitation, what happens to them? That, Sir, seems to me to be a serious demerit of this Bill. As for the grievous waste of a Council's time which this proposal must involve. I need say nothing. It must be obvious.

Then, Sir, I come to the second important feature of this Bill and that is the institution of boards of arbitration, normally elected by

both as follows. The Collector investigates a case fully; he then proceeds to make an award and if the party interested is not satisfied with that award, he may require that the case be remitted for consideration of the Court, the court being defined as the principal civil court of original jurisdiction. There is an appeal from the award of the Court or from any part of that award, subject to the provisions of the Civil Procedure Code, to the High Court and eventually to His Majesty in Council. Now, Sir, what does the Bill propose to do? It purposes to interpose a court of arbitration between the award of the Collector and the appeal to the district court. The procedure will be as follows. The Collector makes his award. If a party is not satisfied with that award, he may ask for a board of arbitration. After this body, with the inevitable delays which must attend upon its process, has functioned, there still lies an appeal to the district court and eventually to the High Court. With all due deference to my friend, I fail to see any possible advantage in this procedure. On the contrary there seem to me to be grave disadvantages in the procedure which he has suggested. It is slow, it is cumbersome, it must be more costly, and it does not provide to my mind any additional safeguard more effective and more efficient than is provided under the existing law.

Then, Sir, I come to the third main feature of this Bill . . .

Mr. President : Order, order. The Honourable Member was arguing as if he was opposing the motion for circulating this Bill. The Honourable Member knows that the only motion before the House is that the Bill be circulated for eliciting opinions, and that motion, if carried does not commit this House or Government to any principle contained therein. I could quite understand the Honourable Member's speech if there was also a motion for reference of this Bill and discuss them at length as the Honourable Member is now doing. I would like the Honourable Members to be as brief as possible on this motion. They are entitled to state their objections to the Bill, but they need not enter into a lengthy discussion of the details of those objections.

Mr. J. W. Bhore I take it, Sir, that you do not object to my statement of the Government objections to this measure. I am perfectly within my right, I take it, in bringing those objections to the notice of the House before circulation. I shall, however try and be as brief as possible in deference to your ruling, though this must handicap my exposition of the Government case.

I said the third important feature was the compulsory provision of land or housing accomodation in certain cases to individuals who were dispossessed under land acquisition proceedings. The language used in clause 11 is that provision shall be made "for the housing of evicted persons suitable to their position in life or for securing to them approximately the same convenience and comfort as was available, etc." Now, Sir, I think this is dangerously loose language, and it must lead us into grave difficulties, As the Chair has ruled that I should not go into any detail I refrain from pointing out in what particulars and for what reasons I consider the language dangerous.

The next main features of the Bill are embodied in those provisions restricting the extension of the benefits of this Act to certain companies and restricting the power of Government—both the Government of India and the Local Governments—to enter into agreements with companies to provide land for their purposes. I would merely point out that these restrictions may result in grave obstacles being placed in the way of industrial and economic development.

There is only one other point that I would like to refer to before I close and that is in clause 17. Clause 17 provides that in the assessment of compensation due regard should be paid to "the special adaptability of the land for any potential use or improvement." Sir, I hesitate to believe that my honourable friend has really carefully examined the implications of those words.

Sir, I could, if I had time, continue this tale of my objections because as far as I can see clause after clause of this Bill simply bristles with difficulties. But I think I have said enough to justify my suggestion that the Honourable the Mover of the Bill has failed

to realise the full implications of all its provisions, and I hope that will to some extent be remedied when circulation has taken place.

Mr. H. G. Greenfield (Central Provinces: Nominated Official): Sir I find myself in some difficulty in rising to say anything about this Bill in view of your ruling we must be as brief as possible because the Bill is only proposed to be circulated for the purpose of eliciting opinion. I take it, however, Sir, that when a Bill is to be circulated for eliciting opinion it is only fair that we and the country should know exactly what is the intension of the Mover of the Bill and what generally is the attitude, certainly of the Government towards it, and of the Mover and those whom he represents, and possibly also of other parties. I am not familiar, Sir, with the procedure of this House but I seem to remember the other day, when we were discussing another Bill, that one Member said it was necessary to give a lead to the country on a Bill of any importance.

I had intended, Sir, to discuss this Bill in three aspects. The Bill roughly speaking may be divided into three parts. First, there is a very small clause having a certain effect on industry. Then there are a number of clauses which affect the machinery for administering the Act. And lastly, there are some clauses which deal with the extent and character of compensation. Now, Sir, the difficulty that I find and that I think people outside this House will find in considering this Bill is that the Honourable Mover in his speech made when he introduced the Bill, and also in the Statement of Objects and Reasons has not clearly indicated the intention underlying all provisions or even the main provisions of this Bill. Take for instance clause 2 which affects industry. That amends section 3 of the Act which deals with acquisition on behalf of companies and as I understand it, it is now proposed by this clause to limit the application of the Act to what we may describe briefly as indigenous companies. I should have been inclined to think that this clause had slipped in accidentally because as I have said, there is no mention of it in the Statement of Objects and Reasons; there was, so far as I have read, no mention of it in the Honourable Mover's speech, and I have hoped, Sir, to-day I should at least have heard what was the intention underlying it. I had hoped, Sir, that the Honourable Mover would remember that many of

us are new Members of this body and we can hardly be expected to know all that has taken place before it. It was Sir, I might say a mere accident that I discovered that such a body as the External Capital Committee had ever existed or had ever dealt with this matter. It is of course within the recollection of some Members of this House there are at least two Members who are now in the House or at least are Members of the House who represented the House on this on this Committee. If I understand this clause aright, it attempts to discriminate against companies which were previously included in section 3 of the Land Acquisition Act and which therefore had the right to acquire land under that Act in this country. Now, Sir, surely that involves a very important principle. It is a matter which is dealt with at some length by the External Capital Committee. In order to be brief I will merely refer to their summary of recommendations in which they say:

"Though in certain circumstances the control of external capital may be necessary in the interests of India general measures discriminating against it or penalising it either by way of taxation or by way of control would, so far from assisting the development of these resources or fostering the interests of the Indian investor, be definitely injurious to both, as they would impede the growth of new industries and restrict the transferability and consequently the market value of the holdings of the Indian investor."

I am well aware, Sir that the Report of that Committee does not represent all opinions in this House. But I do suggest and I think the House will agree that this involves a principle of very great importance; it involves a principle which will affect the relations of this country, the attitude of this country towards external capital; and whether this House is of opinion that external capital should be discouraged or encouraged, it is a matter which requires very full discussion, and to introduce it almost as a side issue, as if by an accident in a bill of this nature is, I submit not proper way to deal with it; and I suggest, Sir that even if it were proper to introduce it in this way, seeing that it does go outside the usual scope, the normal scope, of the Land Acquisition Act, we might have expected the Honourable Mover to have made some mention of it.

As the regards machinery for the administration of the Act, the Honourable Member in charge of this Department has already referred to the clauses which deal with the replacement of the Executive by the Legislature in respect of certain functions. It has been suggested, Sir, that the Executive is liable to partiality and the Legislature alone can be expected to decide properly what constitutes a particular purpose. Here again, Sir, I think we rather lack information from the Honourable Mover. Acquisition is done either on behalf of Government or on behalf of local bodies or on behalf of companies. It seems to me, Sir, to stand to reason that if acquisition is on behalf of Government, ipso facto that is a public purpose; and if acquisition is on behalf of either companies or local bodies I fail to see why the Executive should be considered to be anything but impartial. On the other hand, it might be suggested that the Legislature can hardly fail to be to some extent a partial judge in such matters. Practically every interest is represented.....

Mr. President: Order, order. Perhaps I did not make myself quite clear to the Honourable Member when I gave the ruling. I want the House to make a distinction between a motion the acceptance of which commits the House to the principle of the Bill and a motion which when carried does not commit the House to the principle of the Bill, not that on a motion of the latter kind Honourable Members are entitled to raise objections to the principles of the Bill, but in doing so they should be as brief as possible and should not go into the details and turn that discussion into the discussion of a motion the acceptance of which would commit the House to the principle of the Bill.

Mr. H. C. Greenfield: Sir, I will say only one more word about arbitration because there again I think an important principle is involved. The Honourable Mover has suggested that arbitration will give a far more impartial decision than any court or any Collector. But, Sir, surely the very idea of arbitration is that reference there to shall be voluntary and that the person or persons selected as arbitrators shall be absolutely impartial—not bound by the interests of either side—whereas the arbitration proposed by the Honourable

Mover is involuntary, it is compulsory on one part to the contract and it is by no means impartial because both parties select their own champions. If I may refer to the question of fact—because the Honourable Mover has himself raised it, I think, in his Statement of Objects and Reasons, he said that previously arbitration was in force and he could not understand why it was ever abandoned. When the 1894, Bill, now the Act of 1894, went to the Select Committee the Select Committee reported as follows, (There I may say, the expression used was not “arbiters” but “assessors”. They perform almost exactly similar functions to what are now described as arbitrators.) The Select Committee said:

“As to the discontinuance of the system of assessors all authorities are agreed. It is the universal remark that competent assessors are not easily procurable and there is an irresistible tendency for the assessor to become, not an advisor, but a partisan, adding very largely to the cost of the trial without assisting the Judge. In the words of Mr Justice Parker the nominees are faithful to the trust and deliver their opinion with minds altogether unaffected by the evidence.”

That, Sir, seems to me an extremely conclusive rebutment of the suggestion that arbitrators will be impartial or will perform their functions in the way that the Honourable Mover expects.

Then, Sir, if I may be allowed I will deal very briefly with the provisions regarding the extent and character of compensation. Previously the only compensation that could be given was assessed in terms of cash, and now this new principle of providing dwellings for those who are evicted by the operation of the Act has been introduced. I would suggest that this involves a failure to recognise the fundamental economic law that land cannot be duplicated—that land is by way of being a monopoly and that if one person is dispossessed of his house you cannot restore to him in kind another house or another piece of land of exactly the same description. And, Sir, it also involves the further difficulty that, as far as I can see, Government will

*Quoted from Part III, Para. III, p 15. Report of the External Capital Committee, 1925,

be compelled, in order to implement a clause of this nature, to embark on an endless chain of acquisition. One of the clauses in this Bill provides that when 30 or more person are dispossessed, it shall be compulsory on Government to provide for those persons. Now, Sir, Government does not possess land everywhere; it does not possess houses everywhere; and the only way by which to meet this difficulty will be to acquire a block of houses for these people. In that way, Sir, if we were operating in a large town like Bombay, Government would have to go round and round until they will finally acquire the whole of Bombay and start again. Sir, there are many questions of detail, in fact practically I object to every point of detail in this Bill, I object to every principle in this Bill.

Mr. President: Does the Honourable Member object to the motion that the Bill be circulated for opinion?

Mr. H. C. Greenfield: No Sir. But if I were to enter into a real discussion on this Bill (*Some Honourable Members:* "We have heard quite enough.") I should detain the House for a considerable length of time. Sir, I think I have said enough (*Some Honourable Members:* "Quite enough.") to show that there are many important principles in this Bill, that they have not been adequately explained by the Honourable Mover, and I hope, Sir, that you will permit him if he so desires, to make some short explanation of them now,

(Several Honourable Members then moved that the question be put.)

Khan Bahadur Mian Abdul Aziz (Punjab : Nominated Official), I assure you, Sir, that I shall certainly carry out your order fully to the very letter, and I shall not transgress beyond the limits laid down by you. But, Sir, before this House can invite opinions on an important Bill of this kind, it should certainly know its own mind and it should also try to understand what it is that we are sending out to the country. (At this stage there were interruptions from the non-official Benobes.) I am prepared for interruptions. There is one little thing that the Honourable the author of this Bill said when he moved this Bill. He said that this Bill is conceived entirely in a constructive spirit. Sir, I have studied this Bill very carefully, and I think a good many of us on this side have the qualifications to

understand it, and it is for this House to understand exactly the constructive nature of the new principles that are being sprung on the country and on this House. I assure you, Sir, that these are very interesting very instructive, and even if not constructive, they are certainly destructive.

Mr. Jamnadas M. Mehta (Bombay City, Non-Muhammadian Urban), Very good logic.

Khan Bahadur Mian Abdul Aziz, I am coming to the logic underlying the Bill. Sir the very first thing that the author of this Bill puts forward in his Statement of Objects and Reasons is that something or other when discussed in the Legislative Council will temper the objection to arbitrary acquisition. He says that there is an objection in the country to such arbitrary acquisitions, and that there is no objection in the country to such arbitrary acquisitions, and that if this thing is discussed, if a public purpose is discussed in a Council, it will temper that objection. May I, Sir, point out that there is certainly a misapprehension in the mind of the Honourable author of this Bill, because whatever the public purpose may be, there is never any misunderstanding about the public purpose. This misunderstanding always is about the details, about the total area of the land that we will require, say, for a hospital or for a road. All those are public purposes. The misunderstanding or mistake, wherever it is, is with regard to the area to be acquired, whether it is 100 acres or 50 acres or less. The Honourable the author of this Bill has misunderstood the whole thing. Therefore his diagnosis is wrong. He says let us discuss it by a specific Resolution in a Legislative Council. It will not cure the disease, because the disease is the mistake of an expert. An expert may be quite wrong (Laughter), experts always do go wrong. (Loud laughter.) An amateur is not always entirely right either. It is a most difficult thing for an amateur to come forward with a law and suggest drafting amendments with some sense in them. I assure you, Sir, that on this particular point the Honourable the author of this Bill tells us,—“Let us have a specific Resolution”—but to discuss what? To discuss a public purpose? But that is not at all a work for a Council or this Assembly to do. That will depend on the advice

of some expert who will tell them that the Railway requires so many miles of land. The Council or the Assembly cannot themselves possibly find out the details. They will have to depend on the advice of the experts. That is not all, Sir. After having given us the best specific, I mean this wonderful Bill, he tells us in clause 11 (2) of the Bill, to which my Honourable colleague referred:

"In every case in which the compulsory acquisition of land or house property results in the eviction of more than thirty persons, the award under section 11 or delivered by the Board of Arbitrators as laid down in Part III shall make provision for the housing of evicted persons suitable to their position in life or for securing to them approximately the same convenience and comfort as was available in the house or houses from which they were evicted."

That means that we have unfortunately evicted 30 or more persons, we will then have to go to the Council again for another specific Resolution to find accommodation for those persons whom we have displaced. That is the logic underlying this part, Sir. (Laughter) You were very anxious for my logic.

Now, Sir, there is another part of it, and it is this. The Honourable the author of this Bill has permitted himself to think not only of what happens when land is being acquired, but what is to happen when land has been acquired. If you will refer to clause 28, where he proposes to insert new section 48A, 48B and 48C, you will find that he wants to provide for rendition, that is to say, when land is no longer required,—there is an absolute "shall" in it—it shall be sold only to the original holders. And further on he says that if there is any surplus land which is not needed for the purpose for which it was acquired, the surplus portion of the land shall be resold or leased by Government or such Corporation, and so on. And then in section 48C he deals with another question, and that is very interesting. It is so very interesting that I think this Assembly will be particularly keen to know what its implication is. (*Some Honourable Members*, "No, no.") I am sure the House will be much interested to know it. (*Some Honourable Members*, "No, no.") New section 48C says:

"In every case of dispute as to whether a piece of land compulsorily acquired is surplus or not within the meaning of the above section, it shall be presumed that the land was surplus if it is proved that it was devoted permanently to some object which was not a purpose of the undertaking for which the land was acquired."

I understand, Sir that we are now housed in a place which acquired from people who held it in private proprietary right. I do not know if any Honourable Member of Government will be able to swear in a court of law that this Assembly was a purpose of the original undertaking for which the land was required. I have high authority for believing that it was not. Now, Sir, if we agree to this clause, we shall have to go out to-morrow, because there is nothing to show that this clause will not have retrospective effect. I defy any lawyer here to say that this is not implication. (Some Honourable Members, "No, no.") The words are there. We have to honour the Honourable the author of the Bill believing that what he says he means. Of course, if he does not, then I withdraw. He says, "it shall be presumed that the land was surplus if it is proved that it was devoted permanently to some object....." ... Well, then, there is the absolute "shall". That means we shall have to get out of this place and give this House to the villagers, and I think they will sue you for damages, because the lobby is not quite comfortable for them. A number of other places may also be involved. I am really not joking. The Honourable the author is probably joking with you. He is tired of you and wants to clear you out. In his opening speech the author held out a hope and these are his words :

"It is also equitable that public bodies should be prohibited from making a trade of land acquisition and augmenting their revenues by a profiteering sort of arrangement."

This is offered to us as very good advice. Will you be surprised, Sir, if I read to you an extract from the Laws of England ?

"Municipal and other public bodies are sometimes given powers to take land beyond that which is necessary for the actual execution of the proposed work in order that some part at least of the improved value of the adjoining lands may be secured in case of the burden

upon the tax-payer. These lands are said to be authorised to be taken for the purpose of recoupment as the public body is empowered to sell or lease them at what may be an enhanced value."

What I wish to tell the Honourable lawyers on the other side of the House is that new S. 48 B of this Bill as drafted tramples under foot a very famous judgment of the Calcutta High Court; it is a full bench ruling which considered previous rulings also--*Mani Lal Singh v. Trustees for the Improvement of Calcutta*. And I advise all interested in the subject to refresh their memories if they wish to know something of the principle or recoupment. (*Honourable Members*: "We know." "We don't know anything.") Well, it will do you some good if you do.

Sir, we are in no way desirous of minimising the value of the good work that the Honourable the author wants to do. That is not the point. The point is that opinions will be received from the public after some time, the Honourable Members will be in their constituencies, they will naturally be asked by their voters for a land, and I only want them to understand all the implications that this Bill as drafted has, so that they may be able to find out from their constituents what their exact troubles are. The trouble is not that land is not required for public purposes. As I said before, the trouble is that occasionally, very occasionally, in Bombay or in some other place, a mistake is made. Now, in order to rectify one or two mistakes, to bring in a law of this kind, which will set up all over the country arbitration boards that will provide work for the unemployed all the year round, which will have Legislative Councils in the provinces in a sort of perpetual Session in order to pass Resolutions about specific public purposes, is not wise. You will be burdening the tax-payer far too much and needlessly. Consider it, Condemn my speech. You are welcome to do that but you will not be able to disagree with the spirit. The spirit is the same as that of the Honourable author of the Bill. Let us do something constructive. Let us not have it all destructive. (*An Honourable Member*: "Obstructive.") This Bill, as I understand, it is full of, is a chaos of pious wishes. But that is not the way to proceed to work. The author is open to conviction. So is everybody else. If there are mistakes, set them

right. There are thousands and thousands of acres of land in the country being acquired each year. If each owner had the right to ask for an arbitration board, two for each owner, and two again for the corporation who were acquiring that land, and so on just try to think for yourselves where you will be landed. Then, it will not be constructive. If you will accept it like that it will be almost as constructive as dynamite.

The Honourable Sir Alexandra Muddiman (Home Member): Sir I intervene in this debate for one purpose and one purpose only. I understand, Sir, that you have desired that Government should be brief. I will be exceedingly brief and I hope I shall be equally effective. There is only one point in this Bill I wish to refer to and that arises out of a remark made in the Statement of Objects and Reasons. My Honourable friend who brought in this Bill has been good enough to make the following remarks :

"The awards are no doubt open to be challenged in (to appeals) District Courts. But District Judges, besides being paid officers of Government, are in most cases ignorant of local conditions which are really decisive in the proper assessment of compensation for the lands to be acquired."

Now, Sir, I am not dealing with the merits of this Bill. That, I understand, has been dealt with fairly fully. But this, Sir, is a most grave reflection on a class of officers who have done nothing whatever to deserve it. District Judges, Indian and British alike, have done their best and have done very well, if I may say so, in the administration of justice in this country. And I, as the head of the Department which is concerned with District Judges, feel it my duty to make a most emphatic protest against this grave reflection against this grave reflection upon District Judges. I only hope my Honourable friend will have the courtesy in replying to this debate to acknowledge that he has been misled in his use of language and that he did not intend to make a grave reflection upon the subordinate judiciary.

Mr. Rangaswami Iyengar : I move, Sir, that the question be now put,

Mr. N. C. Kelkar : Sir, in the present temper of the House and at this time I don't wish to enter upon a long reply, for I am absolutely certain that my reply, though reported in the proceedings, would not be read outside by those people who are now being invited to express their opinion on this Bill. So, instead of a reply, with your permission, I would ask one question of the Honourable Mr. Bhore and if he answers it satisfactorily, I will accept that and give up my reply. Thing is this. I have written a Statement of Objects and Reasons which could not deal obviously with every clause in the Bill but there is such a thing as notes on clauses, I did not get time to write notes on clauses and if I write notes on clauses, and hand them over to the Honourable Mr. Bhore, will he promise that, along with the Bill, he will send the copies of the notes on clauses also for circulation? They will help my cause better than the present reply. Am I not entitled to have my notes on clauses circulated along with the Bill and the Statement of Objects and Reasons?

Mr. J. W. Bhore: I am afraid I cannot undertake to do that, Sir. But the Honourable Member is quite at liberty to make any remarks now, if he likes.

Mr. N. C. Kelkar, Now ; in this House?

Mr. J. W. Bhore: Yes.

Mr. A. Rangaswami Iyengar: I know it suits.

M. N. C. Kelcar : I again put it to him that, when I send the requisite number of printed copies of notes on clauses, will he not undertake to supply those notes to the people from whom opinions are being invited? I shall not be knowing exactly from whom opinions are being invited, otherwise I should myself pass these copies on to them. But I would ask my friend whether he would not render me that assistance. If he says, no, I shall just give a brief reply, and be done with it.

Mr. J. W. Bhore : Sir, I should prefer that the Honourable Member give a brief reply.

Mr. N. C. Kelker : Well, I give up my right of reply, Sir,

Mr. President : The question is :

"That the Bill to amend the Land Acquisition Act, 1894, for certain purposes, be circulated for the purpose of eliciting opinions thereon."

The motion was adopted.

No. G, 1322, 30th June 1927,

**From Chamber to the Government of Bombay Revenue
Department, BOMBAY.**

I am directed to send to you hereby, in reply to your letter of the 23rd April 1927, views of the Committee of this Chamber regarding a Bill to amend the Land Acquisition Act 1894.

2. **Clause 3:** My Committee think that as all districts do not have two vernacular papers of any consequence the notification should be required to be published only in one vernacular paper of the District besides the Government Gazettee. My Committee agree that a Notice should be sent to the owner and occupier of the land about its intended acquisition.

3 **Clause 4:** The Notice under Section 4 of the Act is one to enable entry for purposes of survey, demarcation of the required land, investigation and such preliminary work. The damage incurred would be negligible and could be well fixed by the Collector or other Chief Revenue Officer as now laid down in Section 5 of the Act. An appeal to the Arbitration Board at this stage would be out of place, in fact it is a suggestion which brings little benefit to the owner, and a disproportionate amount of dilatoriness and expense to the body for whom the investigation is undertaken. My Committee are, therefore, opposed to this Clause.

4. **Clause 5:** Section 5A was a recent amendment consequent on the Mulehi acquisition and was intended to afford Government (apart from the Collector as theretofore) an opportunity to decide on a report after full enquiry made by the head of the District, giving objections of the landowners to the acquisition and his views thereon. My Committee do not consider it advisable to bring in the District Court at this stage,

5. **Clause 6(1).** It is not understood why an amendment has been suggested to the proviso to Clause 6, sub-section (1). The Act, as it stands, provides "That no such declaration shall be made unless the compensation be awarded, ... is to be paid.....or wholly or partly out of public revenues....." This surely covers the case where "compensation is to be paid by Government." The other restriction about land being more than two acres where Government are acquiring for themselves suggests that no special procedure is deemed necessary for any smaller acquisition by Government. If Government can be trusted to exercise their discretion well in cases where they have to acquire the land for themselves, there is no reason why they should not be trusted to do so when the matter concerns, say, a railway company needing a 100 square yards for a watchman's hut or a private company wants still less to sink a well near its works. Clause 6 (1) is, therefore unnecessary.

6. **Clause 6 (2).** This Clause is intended to introduce procedure akin to the English procedure when the public purpose is decided by Parliament. My Committee admit that the decision as to whether a particular purpose for which land is sought to be acquired is a grave and serious one, but so far as their information goes there have happened hardly a few cases in which the discretion vested in the Government to decide what is a public purpose had been abused. The suggestion to get the decision as to whether particular purpose is a public purpose to be taken by the Legislature offers one solution to the difficulty experienced with regard to the question and my Committee may say that it is not a bad solution. They are constrained, however, to point out that it is not a perfect solution and that it will mean an inordinate delay in sanction being accorded to the scheme perhaps its even being turned down. The country is still so industrially backward and there is such a great necessity for development of indigenous industries that my Committee would consider land acquired for an industrial undertaking as a public purpose. They do not deem it advisable that there should be any change made in the procedure followed when any land is to be acquired for "a public purpose" and the character of this "public purpose" is to be decided.

7. At the same time, my Committee admit that there are serious defects in the working of the Land Aquisition Act which need to be remedied. One of them is delay in aquisition which causes immense loss and harrassment to the people from whom the land is to be acquired. Thus the action taken by the Development Department in sending notice of acquisition to a large number of landlords in Salsette without following upon these notices by acquisition and in several cases by denotifying these lands, has proved ruinous to these landholders by preventing them from selling or mortgaging or improving their lands, while the acquisition notice was still not withdrawn. The other defect to which my Committee like to draw attention is inadequate compensation and the third defect is costliness of procedure. It is to be hoped that Government will be pleased to take steps to remove all these defects.

8. Clause 6 (3): This is a move in the right direction and my Committee approve of it. they suggest that a period of one year shall be fixed within which lands for which notices have been issued shall be acquired. They are also of opinion that if Government withdraw notice of acquisition, they should be considered liable to pay compensation for the damages which the owners suffer on account of such notices and the withdrawal thereof. This should include not only the costs incurred by the owners but also the depreciation in income and value of the land which was tied down for acquisition.

9. Clauses 8, 9, 10, 11, etc.: All these amendments endeavour to transpose an Arbitration Board between the Collector's award and the reference to the District Court. My Committee suggest that for claims below Rs. 1000 there should be resort to arbitration only and not to any Court. For claims above Rs. 1000, and below Rs. 10,000 the option should be given to the seller to choose either arbitration or a Court of Law and for claims above Rs. 10,000, there should not be any provision for arbitration.

10. My Committee suggest that in case there is severance of land and only a part of the holding is acquired, compensation should be paid for any loss or damage due to partial acquisition.

11. My Committee suggest that the words "or by a Court of Law" be inserted after the words "Arbitration Board" in subsection (1) of Section 16. They do not approve of the second proviso to this subsection nor of the second sub-section as both these are not practical and would lead to more evil than good.

APPENDIX 70.

INSURANCE LEGISLATION FOR INDIA.

No. G. 1339. 5th July 1927.

**From Chamber to the Government of India Department
of Commerce Simla.**

I am directed by the Committee of this Chamber to draw the attention of the Government of India to the interview they had with the Honourable the Commerce Member in April last, One of the items for discussion was the question of Insurance Legislation for the whole of India. It must be within the knowledge of the Government of India that my Committee have been pressing for such a legislation since a long time past. The Government of India introduced a Bill last year in this connection in the Legislative Assembly, but it was afterwards withdrawn as the Board of Trade Committee was then sitting in London to consider comprehensively the whole question. This Committee, known as the Clauson Committee, has now submitted a report and has also prepared with it a draft Bill. My Committee, therefore, beg to urge the Government of India to be pleased to introduce Insurance legislation at the Simla session of the Assembly as this important question cannot wait any longer.

No. 36-I (9).

**From Government of India Department of Commerce
to Chamber**

Simla, the 29th October 1927.

In reply to your letter No. G. 1339, dated the 5th July 1927 and subsequent reminder of the 11th ultimo, on the above subject, I am

directed to inform you that the report of the Clauson Committee and the draft Bill accompanying that report are under examination and a new Bill, on the lines of the Clauson Bill, but with such alterations as are found advisable to meet the present day requirements of India is being drafted. It was not found possible to introduce a Bill during the recent session of the Legislature, but the Government of India hope to be in a position to do this at the next Delhi Session. As observed, however, by Sir George Rains at the interview with your Chamber to which you refer, the Government of India consider it desirable to await the passage of the British Bill into law by Parliament before finally passing the Indian Bill.

No. G. 2735 17th November.

**From Chamber to the Government of India, Department
of Commerce of Delhi.**

I am directed to acknowledge receipt of your letter dated the 29th October 1927, No. 36-1(9). My Committee are glad to note that the Government of India hope to be in a position to introduce an Insurance Bill at the next Delhi session and hope that there will be no further delay, with regard to this question.

APPENDIX 71.

Proposed Amendments in The Indian Limitation Act.

GOVERNMENT OF BOMBAY.

HOME DEPARTMENT.

Resolution No. 2654/2.

Bombay Castle, 20th October 1927.

Letter from the Government of India, Legislative Department, No. F.—136-1/27. A. O., dated the 24th September 1927 :—

“With reference to the Debates of the Council of State, dated the 19th September 1927, I am directed to forward herewith 100 copies of the papers noted below* and to request that the Governor in Council will favour the Government of India in this Department

with an expression of his opinion on the provisions of the Bill and with the opinions of the Honourable the Judges of the High Court and of such selected officers and other persons as the Governor in Council may think fit to consult on the subject.

*(1) A Bill to amend the Indian Limitation Act, 1908, with Statement of Objects and Reasons. (2) Report of the Select Committee with Bill as amended by the Select Committee. (3) Extracts from the Debates of the Council of State dated 30th August, 2nd and 19th September 1927.

"2. I am also to request that the Bill and Statement may be published in the Bombay Government Gazette in English and in such other languages as the Governor in Council may deem proper and the dates of such publication may be communicated in your reply.

"3. The reply to this letter should be sent by the 23rd December 1927."

7. The opinions called for in the foregoing paragraphs should reach Government not later than the 23rd November 1927.

By order of the Governor in Council,

J. MONTEATH,

Secretary to the Government of Bombay,

Home Department.

A

BILL

Further to amend the Indian Limitation Act, 1908.

WHEREAS it is expedient further to amend the Indian Limitation Act, 1908, for the purposes hereinafter appearing: It is hereby enacted as follows:—

1. (1) This Act may be called the Indian Limitation (Amendment) Act, 1927.

Short title and commencement.

- (2) It shall come into force on the 1st day of January, 1929.

2. In section 10 of the Indian Limitation Act, 1908 (hereinafter referred to as the said Act), the following

Amendment of paragraph shall be inserted, namely:—
section 10, Act
X of 1908,

"For the purposes of this section any property comprised in a Hindu, Muhammadan or Buddhist religious or charitable endowment shall be deemed to be property vested in trust for a specific purpose, and the manager of any such property shall be deemed to be the trustee thereof."

3. In the First Division of the First Schedule to the said Act:—

Amendment of
First Schedule to
Act IX of 1908.

(a) after Article 48, the following Article shall be inserted, namely:—

"49-A. To recover moveable property conveyed or bequeathed in trust, deposited or pawned, and afterwards bought from the trustee, depositary or pawnee for a valuable consideration.

Three
years.

When the sale becomes
known to the plaintiff.

Explanation—For the purposes of this article any property comprised in a Hindu, Muhammadan or Buddhist religious or charitable endowment is deemed to be property conveyed in trust, and the manager of any such property is deemed to be the trustee thereof."

(b) Article 133 shall be omitted ; and

(c) in Article 134—

(i) after the entry in the first column, the following *Explanation*

shall be inserted, namely ;—

“Explanation.—For the purposes of this Article any property comprised in a Hindu, Muhammadan or Buddhist religious or charitable endowment is deemed to be property conveyed in trust, and the manager of any such property is deemed to be the trustee thereof”;

(ii) for the entry in the third column the entry “When the transfer becomes known to the plaintiff” shall be substituted.

In paragraph 16 of Chapter 41 of their Report the Civil Justice Committee recommend—

- (1) that articles 133 and 134 of the First Schedule to the Indian Limitation Act, 1908, should be revised with reference to recent decisions; and
- (2) that in particular the alienation of property vested in the head of a religious institution should be specifically provided for.

2. It is understood that the first recommendation relates to the difficulties which have arisen with regard to the interpretation of articles 133 and 134 mainly as a result of the Full Bench ruling of the Madras High Court in *Seeti Kusti versus Kunbi Pattna* (I. L. R., 40, Madras, 1040). In this case two of the Judges held that the words in column 3 must be given their literal meaning and that time must run from the date of transfer from the trustee or the original mortgagee and the date when possession was taken was immaterial; one Judge held that the article only applies when the transferee from the trustee or the original mortgagee took possession on the date of transfer; and the remaining two Judges held that time under the article only runs from the date when possession is obtained. The result was that the view of the first two Judges that the article operated to bar the particular suit by limitation failed. This case was considered by Richardson, J. in *Naraindas versus Abdur Rahim*, (I. L. R., 47, Calcutta, 866.) Richardson, J., held that limitation under the article begins to run from the date

on which the property or the title was transferred by the trustee or the original mortgagee to the transferee. The other Judge, however, who decided that case, Shams-ul-Hulla, J., did not come to any final conclusion as to the effect of the article. In a later case reported in I. L. R. 50, Calcutta, page 62, Mookerjee, J., said that the article referred to a case where the transfer by the trustee was accompanied by delivery of possession to the transferee, but it is not definitely clear that he intended to suggest that under the article possession must be taken on the date of transfer, and accordingly it is not certain which of the views held in the Madras Full Bench in the decision referred to above was favoured by him. These cases refer to article 134, and no cases dealing with article 133 have been traced, but the same general principle would presumably apply to both articles.

3. The Committee's second recommendation refers, it is understood, to the decisions of the Privy Council in *Vidyavaruthi versus Balusami* (I. L. R., 44, Madras, 831) and *Abdur Rahim versus Narain Das* (I. L. R., 50, Calcutta, 329). As a result of these two rulings it is now settled law that a *Dharmakarta Mahant* or manager of a Hindu endowed religious property, or the *Mutwalli* or *Sajjadanashin* in whom the management of Muhammadan endowments is vested are not trustees within the meaning of the word as used in section 10 of the Indian Limitation Act, for the reason that the property does not vest in them. The result is that when a suit brought against a person, not being an assign for valuable consideration, endowments of this nature are not protected.

4. The Committee's two recommendations are therefore;—

- (1) that it should be made clear whether articles 133 and 134 mean what they say, viz., that limitation runs from the date of purchase or of transfer, as the case may be, and that the date of obtaining possession is immaterial;
- (2) that section of the Act should be amended so as to put Hindu and Muhammadan religious endowments on the same footing as other trust funds which definitely vest in a trustee.

After consulting the Local Governments the Government of India have come to the following conclusions:--

- (1) that in case of both the articles the period of limitation should run from the date when the sale or transfer, respectively, becomes known to the plaintiff;
- (2) that the period in the case of article 133 should be reduced from twelve to three years;
- (3) that Hindu, Muhammadan and Buddhist religious as well as charitable endowments should be included within the scope of both these articles as also of section 10 of the Act.

The Bill gives effect to these conclusions.

S. R. DAS.

No. G. 2794, 23rd November 1927.

From Chamber to the Government of Bombay,
Home Department, Bombay.

I am directed to acknowledge receipt of Government Resolution No. 2654/2, dated the 20th October 1927, together with its accompaniments regarding the above subject and to send the views of my Committee hereby on the same as follows:—

My Committee approve of the proposed amendment in Section 10 of the Indian Limitation Act,

As regards the proposed changes in Articles 133 and 134, they recommend that the existing law should be retained and further suggest that in order to make clear the meanings of these Articles, it should be provided that transfer should mean execution of the deed of purchase and possession whichever be the later.

APPENDIX 72

Proposed Amendments in the Transfer of Property Act 1882,
No. 1556/2-B,

From the Government of Bombay Home Department to
Chamber,

I am directed by the Governor in Council to forward herewith a copy of a Resolution of Government in this Department No. 1556/2,

dated this day, and of its accompaniments on the subject of the Transfer of Property Act, and to request that you will be so good as to favour Government with the opinion of the Indian Merchants' Chamber on the provisions of the Bills,

BILLS,

- 1, The Transfer of Property (Amendment) and
- 2, The Transfer of Property (Amendment) Supplementary

GOVERNMENT OF BOMBAY,

Home Department,

Resolution No, 1556/2,

Bombay Castle, October 1927,

Letter from the Government of India in the Legislative Department, No, 142/1/27 A, dated the 30th August 1927 :—

" I am directed to forward herewith 100 copies of the Bills noted above which were published in the Gazette of India, dated 20th August 1927, under Rule 18 of the Indian Legislative Rules, and to request that the Governor in Council will favour the Government of India in this Department with an expression of his opinion on the provisions of the Bills and with the opinions of the Honourable Judges of High Court and of such selected officers and other persons as the Governor in Council may think fit to consult on the subject, Attention is invited to the correspondence commencing with the Home Department No, F, 90 27 Judl, dated the 10th February 1927.

2. I am also to request that the Bills and Statements may be published in Bombay Government Gazette in English and in such other languages as the Governor in Council may deem proper and that the dates of such publication may be communicated in your reply.

3. The reply to this letter should be sent in by the 1st April, 1928."

By order of the Governor in Council.

A, MONTEATH,

Secretary to the Government of Bombay,
Home Department.

* The Bills are not printed; vide File No, R, 107 of 1927,

No. G. 3009 9th December 1927.

From Chamber to the Government of Bombay Home
Department, BOMBAY.

I am directed to send hereby the views of my Committee on the above subject as follows :--

Section 52. (Clause 13-1a.)

Here it is proposed to substitute the word "pendency" in place of "active prosecution". My Committee do not see how that could be an improvement on the present position. The object of the section is to see that Plaintiff prosecutes his suit 'actively' and does not let it rest where he filed it with a view to spitefully obstruct the transfer or otherwise dealing of the property involved by the other parties to the suit. If the decisions on the meaning of these words "active prosecution" do not follow the interpretation originally expected, the remedy should be to substitute such words as would make 'active prosecution' in real sense of its term compulsory.

Section 65 A (Clause 29.)

With respect to this section, my Committee are of opinion that the principle laid down by Allahabad Court viz: that the mortgagor in possession cannot without concurrence of the mortgagee execute a lease which would be binding on the mortgagee is sound and just. There were cases in the Bombay High Court where dishonest mortgagors have tried to give favourable leases to tenants with a view to give the latter an advantage when the Rent Restriction Act reduced the standard rent limit. They were unsuccessful in their attempt mainly because of the Allahabad case which was followed. In the opinion of my Committee this principle should be incorporated by means of a section in the Act making mutual consent necessary and as a safeguard it may be further enacted that "such consent should not be unreasonably withheld".

Section 67 (Clause 30.)

Here it is sought to "confine the remedy of foreclosure to the case of a mortgage by conditional sale or an anomalous mortgage etc." as stated in the Appendix C. My Committee

do not agree with this change. Foreclosure as a remedy is very valuable as far as the mortgagee is concerned in cases where a sudden depression in the market value of immoveable property (as at present) has reduced the value of his security much under the mortgage debt, and what a forced sale would mean a large loss which cannot be recouped through the medium of a personal decree. To take an illustration, supposing one lakh of rupees were advanced on a property valued at a lakh and a half and when the mortgage amount falls due the mortgagor is in a helpless financial condition. Supposing also that the property market has fallen considerably with the result that a forced sale would realise about sixty thousand rupees. Here if the mortgagee thinks that in case the said property is held on, better times would follow when he would be able to realise the whole of his capital, interest and charges, my Committee fail to see why he should not be permitted to foreclose, particularly where the mortgagee applies for it and the mortgagor is not able to satisfy the Court that the sale would realise more than the amount represented by the mortgage debt.

7. GENERAL TRADE AND INDUSTRY.

APPENDIX 73.

Revised Rules re: Deferred Foreign Telegrams.

POSTS AND TELEGRAPHS.

Changes in Foreign Rule 433 of the Post and Telegraph Guide.

In Deferred and Daily Letter telegrams numbers written in letters or in figures abbreviated expressions commercial words should not exceed one third the number of chargeable words in the text, hence this

message cannot be accepted as a Deferred or Daily Letter telegram.

Bombay,

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Telegraph Master,

Public Counter,

No. T. 251.

23rd December 1926.

From Chamber to the Superintendent, Central Telegraph Office, Calcutta.

The attention of my Committee has been drawn to the introduction of a new rule by the Telegraph authorities with regard to the Deferred and Daily Letter Telegrams. My Committee will be much obliged if you will be good enough to inform them of the reasons for the proposed changes in foreign rule No. 433 of the Post and Telegraph Guide.

Thanking you in anticipation,

No. 31-H/26.

Dated New Delhi, the 12th January 1927.

From the Director-General Telegraphic Traffic to Chamber.

With reference to your letter No. T. 2551, dated the 23rd December 1926, I am directed to inform you that the revised rules relating to Deferred Foreign telegrams are based on the International Telegraph Regulations as amended in the Paris Conference, 1925. These rules are binding on all the countries in the world. Instructions as in the enclosed have however, been issued to the telegraph offices to interpret the rules liberally.

III.—Deferred Foreign telegrams.

With reference to the Special Traffic Routine Circular No 29 dated the 27th October 1926, it is notified that the new rule 433 that numbers in the text of deferred foreign telegrams may not exceed one-third of the number of chargeable words in the text should be applied in a liberal spirit on the following lines and telegrams from abroad should not be surcharged on this account:—

Outgoing telegrams may be accepted when they contain numbers slightly in excess of the due proportion unless they are apparently used with a code meaning,

ANNUAL REPORT OF THE

For example :—

- (a) a text which is obviously plain language, such as "Cable 50" need not be challenged ;
- (b) the sender's name may be included in calculating the number of chargeable text words ;
- (c) where one-third of the text gives a fractional number, this may be rounded upwards, *e. g.*, 2 groups may be allowed in a total text of 5 words, 7 groups in a total text of 20 words ;
- (d) in daily-letter telegrams containing fewer than the minimum of words, allowance may be made for unused words, *e. g.*, if there are 3 words address and 12 words text in a DLT, 6 groups of figures may be allowed (one third of (20-3), rounded up).

In a text like "Send T moonlight" the sender should be asked to add explanatory words, *e. g.*, "Send T quality moonlight brand" before it can be accepted in a deferred telegram.

No. G. 210 7th February 1927.

From Chamber to the Director General of Posts & Telegraphs,
NEW DELHI.

I am directed to acknowledge receipt of your letter of the 11th January 1927 NO. 31-H/26. My Committee appreciate the fact that instructions have been issued by you to the Telegraph offices to interpret the revised rules relating to deferred foreign telegrams liberally. They do not consider, however, that this step alone will satisfy the commercial public which is much inconvenienced by the changes that have been made in the rules. My Committee beg, therefore, to request you to be good enough to move the Government to approach the International Telegraph Conference with a view to abrogating the new rules and substituting in their place the old rules. My Committee learn that the Federation of British Industries have also received numerous complaints with regard to these very rules and that they are considering the whole position with a view

to making representations to the International Cable Convention. It is also stated on behalf of the Cable Companies that these regulations have been formulated by the Government Telegraph Administrations which constitute the International Telegraph Union and that the Companies themselves are opposed to it in its present form,

In view of all these circumstances, my Committee hope that the Government of India will be pleased to take early action in this matter.

From the Director General of Posts and Telegraphs to Chamber.

No. 31-H/26,

Dated New Delhi, the 5th March 1927.

I am directed to acknowledge receipt of your letter No. G. 210, dated the 7th February 1927 and to say that it is not possible to make any changes in the revised rules relating to deferred foreign telegrams without the concurrence of the other Telegraph Administrations who are not, at present, inclined to amend the rules as desired.

No. G. 456...16th March 1927.

From Chamber to the Director General of Posts and Telegraphs Delhi:

I am directed to acknowledge receipt of your letter of the 5th instant, No. 31-H/26. My Committee recognise that it is not possible to make any changes in the revised rules relating to "Deferred Foreign Telegrams." without the concurrence of the other Telegraph Administrations. They feel, however, that it must be possible to bring this question before the International Telegraph Convention and beg to request you to be good enough to get this question considered from the point of view of the Committee of this Chamber at the next International Telegraph Convention.

From the Director General of Posts and Telegraphs to Chamber

No. 31-H/26, dated New Delhi, the 24th March 1927.

I am directed to acknowledge receipt of your letter No. G. 456, dated the March 1927, and to say that your request has been noted.

APPENDIX 74

PROTECTION TO STEEL INDUSTRY

No. G. 124. 22nd January 1927.

**From Chamber to Sir Purshotamdas Thakurdas Kt.,
C.I.E., M.B.E. M.L.A. New Delhi.**

"Committee request you forward to Commerce Department, Government of India; Committee Indian Merchants' Chamber fear that the scale of duties recommended by the Tariff Board and embodied in the Bill will be inadequate for securing any return to ordinary shareholders of the Tata Iron and Steel Company during the first half of the period and this will prevent new capital being drawn in steel trade and new concerns coming into existence which will mean a practical monopoly for the Tata Company and this is undesirable. Chamber further suggests single scale of duty and that the higher one and strongly protests against this backdoor method of introducing Imperial preference against which Indian sentiment has always expressed itself. Inohambu."

APPENDIX 75.

***Proposed Message Rate System by the Bombay
Telephone Co. Ltd.,**

No. 5136-G/24, Bombay Castle, 21st January 1927.

**From the Government of Bombay Revenue
Department to Chamber.**

With reference to the correspondence ending with your letter No. T-2537 dated 22nd December 1926, I am directed by the Governor in Council to state that the Government of India in consultation with the Government of Bombay, have accepted the principle of the message-rate system of telephone charges for Bombay. With the object of considering the question of the scale of rates to be applied

under the new system, the Governor in Council, with the concurrence of the Government of India, has decided to appoint a Committee composed as shown below:--

Chairman.

The Honourable the Revenue Member of the Executive Council,
Members.

The Postmaster General, Bombay Circle,

The Deputy Chief Engineer, Telephones,

The Executive Engineer, Presidency Division,

A representative of each of the following bodies, viz.,:-

The Chamber of Commerce, Bombay.

The Indian Merchants' Chamber, Bombay.

The Millowners' Association, Bombay.

The Bombay Telephone Company, Limited.

The Executive Engineer, Presidency Division, will discharge the duties of Secretary to the Committee. The first meeting of the Committee will be held in the office room of the Honourable the Revenue Member in the Civil Secretariat, Bombay at 12 noon on Tuesday the 8th February 1927.

2. I am to request that steps may be taken to nominate a member to represent your Chamber on the Committee and that the name of the gentleman selected may be communicated for the information of Government,

No. G. 167 31st January 1927.

**From Chamber to the Government of Bombay Revenue
Department, BOMBAY.**

With reference to your letter No. 5136-G.24, dated the 21st January 1927, I am directed by the Committee of this Chamber

* Full correspondence passed between Mr. Walchand Hirachand the Secretary of the Bombay Telephone Co. will be found in file No. R. 8 of 1927.

to inform you that Mr. Walchand Hirachand, who will be President of this Chamber from day after to-morrow, will represent this Chamber on the Committee proposed to be appointed by the Government to consider the question of the scale of rates to be applied under the message-rate system.

(COPY)

Bombay, May, 1927.

To the Secretary to the Government of India,
Department of Industries and Labour, Simla.

Sir,

We have the honour, under instructions from the different Associations mentioned below, to submit our views, for the consideration of Government, on the scheme of the Bombay Telephone Company, Limited for substituting the Message Rate system in Bombay in place of the Flat Rate system now in force.

2. The said scheme is contained in the letter dated the 23rd July 1925 addressed by the Company to various public bodies in Bombay. We take this opportunity of expressing our entire disapproval of the proposals embodied in that scheme and of recording our respectful but emphatic protest that Government should have accepted the principle of those proposals without first consulting the interests most directly and vitally affected by them.

3. The Bombay Telephone Company Ltd., is a public utility company and its main duty ought to be the convenience of the public whom it is supposed to serve. There is, however, little, if anything, in the working of this Company to distinguish it from any other Joint Stock Company working mainly with an eye to the earning of dividends. The cost of an Exchange line in Bombay whether for business or residential purposes has always been high; it has progressively increased with the passage of years. The installation of the latest and the most up-to-date plant has not led to the reduction of the cost of working; the growth in the number of subscribers has not resulted in any relief to them. Every improvement in the Company,

position has served only to swell the profits of its shareholders and to inflate the value of its scrip and the proposed scheme is yet another attempt to secure larger dividends.

4. The following facts will bear out our statement. The rates charged by the Company before the war were : —

(a) Business lines, Rs. 200 a year.

(b) Residential lines, Rs. 110 till 1913 ; and Rs. 135 from 1st July 1913.

A business connection now costs Rs. 300 a year and a residential line Rs. 210 a year ; under the License granted to the Company the maximum charge can be raised to Rs. 350 a year.

5. Until the year 1920 the paid up capital of the Company was Rs. 16.79 lakhs ; with this capital it was able to work over 7,000 lines to declare substantial dividends year after year and to lay aside a fairly large amount as reserve. In the year the capital was raised to 20 lakhs and immediately thereafter to 30 lakhs. It had by now attained such a strong position that at the time of its re-construction in 1922 the plant and the other assets of the Company together with its Reserve Fund were valued at Rs. 75 lakhs with the consent of the Government and every holder of its two shares was thus given a bonus of three shares. The significance of these figures will be referred to later in detail ; at present they ought to be sufficient to convince Government that the Company was in a strong financial position at the time of its reconstruction in 1922.

6. After reconstruction the Company proceeded to scrap the old manual system and to establish the new automatic system in its place. To meet the capital cost a sum of Rs. 70 lakhs were raised by way of 8½% debentures and provision was made for carrying as many as 11,000 lines ; subsequent events have shown that in both these matters the Company made serious miscalculations and all their present difficulties can be traced to these sources. For one thing, it was too optimistic to expect that 4,000 new lines would be taken up within the immediate future. The trade depression which had set in during the year 1922-23 had become serious in subsequent years.

To embark upon a programme of extension based on the conditions of the post-war boom period may have been a common error of judgment of many but the consequent loss until conditions justify the extensions should not fall on the subscribers of to day or even this generation. It must be borne by the share holders themselves. A policy of caution was clearly called for; but the Company neglected to pursue it; the capital expenditure necessary for re-organisation and extension ought to have been raised by increasing the capital; instead the Company resorted to borrowing at a rate which can be described as extravagant. $8\frac{1}{2}\%$ interest on a loan of 70 lakhs is responsible for reducing the profits of the Company by at least Rs. 1.75 lakhs; and if the expenditure on the extensions was based on a cautious programme a further sum of Rs. 50,000/- might have been saved. Moreover, the amount which must now be provided for depreciation on the fixed assets of the Company would have been substantially reduced and the amount thus saved would have gone to swell the net income of the Company. As it is, these miscalculations have fastened a burden of at least three lakhs of rupees a year which was clearly avoidable. They have deprived the shareholders of an additional 10% on its present inflated value of Rs. 75 lakhs. We urge that the subscribers of the Company's system should not be penalised for the errors of judgment of its directors. The fact that inspite of these heavy burdens the shareholders have been getting during the last three years a dividend of 9 % on an average ($11\frac{1}{2} + 11\frac{1}{2} + 5 = 27\frac{1}{2} \times \frac{1}{3} = 9$) on their real as distinct from inflated capital shows that the Flat Rate charged to the present subscribers is high enough already and we venture to submit that Government would be seriously failing in their duty to the public of Bombay if they allowed a public utility concern-a monopolist to boot-to take advantage of its own wrong by visiting its consequences on its customers.

7. We claim that we have proved the hollowness of the Company's contention that the Flat Rate system is not paying its way. We shall now turn to its other contentions. The Company argues that the substitution of the message Rate system is necessary for working the Company's plant to its full capacity and for securing a more equitable incidence of

the cost between the large and small user. The Company has stated again and again that the present Flat Rate is too high for the small user and that the large user is getting the benefit of the system at a cost much below the market rate. We agree with Company that the present Flat Rate is a serious hardship to the small user, whether a businessman or a house-holder, and we are certain that but for the thoughtless and extravagant methods of the Company, it would have been possible to give him some relief while securing handsome dividends to the Company's shareholders. We are also convinced that the substitution of the Message Rate system for the Flat Rate system can lead to one result and one result alone the swelling of the Company's profits following on the increased charges both to the large and the small user ; but since the Company has based its case mainly almost exclusively on the supposed benefits of the Message Rate system to the small user, it becomes necessary to examine the facts more closely. Under the Company's proposals the cost of the Message Rate system will be as follows :—

				Rs. a. p.
1.	Installation Fee	...	...	30 0 0
2.	Fixed rental for Exchange line	...	...	144 a year.
3.	Call charges	...	...	12 calls a rupee.

The installation fee is to be paid only by the new subscriber and need not therefore be taken into account although we are afraid it will deter many intending subscribers. The fixed rental is going to be Rs. 144 a year and the remaining charges will vary in proportion to the number of calls made by a subscriber. When a businessman or a householder takes an exchange he does so with a view to make use of it. A householder will generally make fewer calls than a businessman but it will be reasonable to assume that a householder will use his line at least six times a day and a businessman [however small will need to make at least twelve calls a day. The cost of call is going to be a rupee per 12 calls and on working out the figures, we find that six calls a day means a charge of fifteen rupees a month of

one hundred and eighty rupees a year and this with Rs. 144 the rental of the exchange line will amount to Rs. 180 plus 144 equal to 324 a year to the small householder in place of the existing heavy charge of Rs. 210/- or an increase of 50%. Regarding the businessman, assuming the number of working days to be 300 the cost of the calls being one rupee a day, he will have to pay Rs. 300 plus 144 equal to 444, again an increase of nearly 50 % over the present charges of Rs. 300. It is thus absolutely clear that on the score of cheapness, at any rate, the message rate system has no advantage over the flat rate system. We are really surprised that the Bombay Telephone Company, Limited, should have put forward a case so palpably untenable. Its only justification for going over to the Message Rate was cheapness. We submit we have clearly established from the facts adduced in this paragraph that the Company's claim is wholly without foundation. Even the Department Committee of Bengal, on whose enquiry the Company has placed so much reliance, bears out our view of the case. In an extract from the Report of the Committee we find it stated :—

“The advantage, therefore, which the individual subscriber must look for from the development of the system lies not in a prospective reduction of his subscription but the increase in the number of persons with whom his telephone gives connection.”

The proposals of the Company, therefore, stand self-condemned. The Message Rate has no advantage which cannot be secured by a well-regulated Flat Rate but the Bombay Telephone Co., Ltd., has tried to use the small user as a blind for increasing its revenues. We therefore respectfully urge upon Government the necessity of disallowing the Company's proposals which are not justified either in the interests of the users of the telephone in particular or the public in general.

We have the honour, to be,

Sir,

Your most obedient servants.

Purshotamdas Takurdas, President, East India Cotton Association, Ltd. Manilal Gokalbhai, President, Bombay Shroff Association. Beniprasad Rajkumar, President, Marwari Chamber of Commerce

Ltd. R. S. Birla, President, Bombay Bullion Exchange Ltd. Gorakham Ganpatray, President, Hindustani Native Merchants' Association, Anandilal Poddar, President, Bombay Cotton Brokers' Association, Kaikhosru S. Nicholson, President, Bombay Cotton Merchants Muccadams' Association, Nagindas Karamchand, President, Gujarati, Merchants' Association, K. R. P. Shoff, President, Native Share and Stock Brokers' Association, Mathurdas Canjee, President, Bombay Rice Merchants' Association, Purshotam Hirjee, Vice-President, Grain Merchants' Association, Pohhomall Bros. President Japan and Shanghai Silk Merchants' Association, Maganlal Parbhudas, President Bombay Yarn, Copper and Brass Merchants' Association, Shawjee Chapsi, President, Gum Merchants' Association Jeeewanjee Currimjee, President, Sugar Merchant's Association. Shivrām Raghoba, President, Bombay Commission Agents Association,

No. 159/25-P.T.

From the Government of India Department of Industries and Labour to Chamber.

Dated Simla, the 5th August 1927.

I am directed to acknowledge the receipt of your letter No. G. 1492, dated the 21st July 1927, and to say that the Government of India have already decided that the proposal for the introduction of the message rate system of telephone charges in Bombay should be held in abeyance for the present.

APPENDIX 76.

Specification of Hydrogenated oils and Fats in the Sea Borne Trade Returns of British India.

No. 1450,

Calcutta, the 16th February, 1927.

The Director-General of Commercial Intelligence and Statistics to Chamber.

I have the honour to invite a reference to the correspondence

resting with this department letter No. 8822 dated the 27th Sept. 1926 on the above subject and to say that the Collectors of Customs to whom a reference was made on the subject have expressed difficulty in giving effect to the proposal to introduce the head "Hydrogenated oils and fats" in the Seaborne trade returns as the description "Hydrogenated" is not shown in the invoices and it is not possible to distinguish these oils and fats from other oils and fats without chemical test which means extra work at the Customs Houses and delay to the public in clearing goods. The imports of 'Vegetable products' by which is meant Vegetable ghee, fat etc., will however be separately specified with effect from April 1927.

No. G. 377.4th March 1927,

From Chamber to the Director General of Commercial Intelligence and Statistics, India, 1, Council House Street, Calcutta.

I am directed by my Committee to acknowledge receipt of your letter No. 1450 dated the 16th February 1927 on the above subject, and in reply to point out that the difficulty expressed by the Collectors of Customs of determining hydrogenated oils and fats will still hold good, if the classification of any substance entered as 'Vegetable Product' in invoices has to be accepted, since vegetable oils and fats cannot be distinguished without a chemical test from identically looking animal oils and fats. In any case, vegetable products will have to be verified as 'Vegetable product of vegetable origin by chemical analysis and under the circumstances, my Committee still insist upon this classification, specially as the question of adulteration of natural ghee with hydrogenated fats is assuming very grave proportions and Municipalities all over the country have strongly objected to the increasing adulteration of ghee and need for legislation to prevent imports of such products. The fraudulent practice of adulteration cannot be checked unless the Customs help in keeping proper statistics of imported hydrogenated products.

APPENDIX. 77.

International Economic Conference to be held at Geneva
in May 1927.

No. G. 485 22nd March 1927.

From Chamber to Sir Purshotamdas Thakurdas,
Kt., C.I.E.M.B.E., M.L.A., New Delhi..

'Please forward following message Commerce Department. The Committee Indian Merchants' Chamber understand that Government propose to nominate only three delegates to the International Economic Conference at Geneva next May instead of the full quota of five. A perusal of the items which are to come up for discussion at the said conference shows there will be subjects of very far reaching importance to India such as 1, liberty of trading including economic and fiscal treatment of foreigners and foreign companies, 2, indirect methods of protecting national commerce, and shipping including discriminating legislation 3, International Commercial treaties, 4, International agreement regarding National industries, 5, International action collaboration in agriculture, The Committee submit that in several of these subjects the interests of India clash with the interests of Great Britain and in view of the dilatory policy of the Government till now despite the agitation in India for more prompt action the Committee feel that it is imperative that the Government should send representatives to the Conference who will be able to save India from being committed to a policy which may not meet the aspirations of India. On this, amongst other grounds, the Committee most emphatically urge that the full quota of delegates be sent to this Conference and that the personnel of this should be selected in manner which will ensure confidence in the personnel from the Indian public. In view of the Assembly sitting at present, the Committee suggest that the leaders of the Indian parties in the Assembly should be consulted by the Government without delay. Should Government overlook this suggestion it is apprehended that the Indian public may have to

bring it to the notice of the Conference that despite requests of this nature the Government have deliberately preferred or selected to act in a manner which will prevent Indian opinion from being fully ventilated at the International Economic Conference."

No. G. 817.

**From Chamber to the President and Officers of the
International Economic Conference Geneva.**

The Committee of the Indian Merchants' Chamber desire me to draw your attention to the unsatisfactory manner in which the Government of India have responded to the invitation of the League of Nations to send five non-official Delegates to represent India at the forthcoming International Economic Conference.

In view of the importance of the number of subjects to be discussed by the International Economic Conference instructions issued to the Members of the League state that

"the invitation to each State should be to send members up to a maximum of five, Experts might of course accompany them and also attend but would not have the right of speech or vote except with the special authorisation of the Conference."

Such being the case it was hoped by the Indian public and Commercial opinion that the Government of India would take the fullest possible advantage of these provisions. My Committee regret, however, to find that the Government have selected only three Delegates instead of five Delegates and even then the persons selected by the Government of India does not carry out the requirements laid down by the Economic and Financial Section of the League of Nations, namely that "the Members should not be spokesmen of the Official policy," i.e., that the Members should be non-officials, because my Committee find and to this fact they draw the particular attention of the Conference that one of the three Delegates Sir Campbell Rhodes, is an official, being a Member of the Council of the Secretary of State for India in London an official body, the Members of which are paid servants of the Government. Moreover, Sir Campbell

Rhodes is not an Indian and cannot therefore be expected to put before the Conference the Indian point of view upon the economic problems to be discussed by the Conference. It will be observed that the proper Indian representation at the Conference is thus reduced to less than half, consisting as it now does of only two Indian Delegates as against the total of five delegates for India. The loss of India is however, turned to the gain of England. The English man representing India naturally urges the English point of view and acts in concert with his English conferees, thus leading to over-representation of England at the Conference. Such disregard by the Government of India of the wishes of the Indian public also of the rules laid down for various Conferences either by the Treaty of Versailles or by the League of Nations has now become chronic. My Committee, therefore, protest strongly against such action, unfortunately not uncommon on the part of the Government of India when dealing with nominations to meetings held under the various bodies associated with the League of Nations. In the matter of these meetings the Government of India appear to make their selections more with a view to British interests than to the interests of India. Last year, this Chamber had to protest against the nomination by the Government of India of a representative of British ship owning interests to represent at the 8th and 9th International Labour Conferences. The composition of the Indian Delegation to the sittings of the League of Nations has so far never been satisfactory to Indian public opinion, as is shown by the Resolutions passed from time to time in the Indian Legislature against the present methods of the Government of India in making up the Indian Delegation. The same indifference to Indian public opinion, as expressed in the press and in the Legislature of India, is evident in the conduct of the Government of India in their selection this year of the Indian Delegation to the International Economic Conference. Not only have they not sent the full quota demanded by the Indian public and allowed under the rules but one of the three Members is a foreigner, as against the whole spirit of the League of Nations; he is also an Official as against the definite rules laid down by the Authority for the selection of delegates to the International Economic Conference.

When my Committee came to know of the personnel selected by the Government of India, they sent the following message to the Government of India requesting them to make the Delegation complete and fully representative of the interests of India and India alone :—

“Committee Indian Merchants Chamber understand that Government propose to nominate only three delegates to the International Economic Conference at Geneva next May instead of the full quota of five. A perusal of the items which are to come up for discussions at the said Conference shows there will be subjects of very far-reaching importance to India such as (1) liberty of trading including economic and fiscal treatment of foreigners and foreign companies (2) indirect methods of protecting national commerce, and shipping including discriminating “legislation ; (3) International Commercial treaties ; (4) International agreement regarding national industries , (5) International action collaboration in agriculture. The Committee submit that in several of these subjects the interests of India class with the interests of Great Britain and in view of the dilatory policy of the Government till now despite the agitation in India for more prompt action, the Committee feel that it is imperative that the Government should send representatives to the Conference who will be able to save India from being committed to a policy which may not meet the aspirations of India. On this, amongst other grounds, the Committee most emphatically urge that the full quota of delegates be sent to this Conference and that the personnel of this should be selected in a manner which will ensure confidence in the personnel from the Indian Public. In view of the Assembly sitting at present, the Committee suggest that the leaders of the Indian parties in the Assembly should be consulted by the Government without delay. Should Government overlook this suggestion, it is apprehended that the Indian public may have to bring it to the notice of the Conference that despite requests of this nature

the Government have deliberately preferred or selected to act in a manner which will prevent Indian opinion from being fully ventilated at the International Economic Conference".

We understand that similar representations have been made to the Government of India by other Commercial bodies in India. Yet the Government of India have not seen their way to meet the wishes of the people of India, which we trust are also shared by the Authorities of the International Economic Conference. viz., that each State should select from among its national the full quota of the number of Delegates allowed to it.

The Government of India having thus not paid any heed to our demands, the only course left open to us is to bring to the knowledge of the Authorities of the International Economic Conference the facts of the case in the hope that the Conference will express its opinion in this regard in such unmistakable terms that at least in cases that might arise in future the Government of India will act in a way that will accord with the wishes of the people of India and the rules framed by the League of Nations.

No G. 908 3rd May 1927

**From Chamber to The President and Officers International
Economic Conference, GENEVA.**

I am directed to confirm the cablegram addressed to you by the President of this Chamber today as under: -

" Committee of the Indian Merchants' Chamber respectfully draw the attention of the President and Officers of the International Economic Conference to their (Committee's) representation addressed to them regarding the Indian representation on the Conference and posted on the 22nd April 1927 and lodge an emphatic protest against the methods employed by the Government of India in the appointment of the Delegation to the International Economic Conference. The Committee further protest

against the inadequacy of Indian representation consisting of only three as against the allotted quota of five and also protest against the inclusion of a non-Indian and official in the said Delegation contrary to the Rules under which the Conference is sitting. Walchand Hirachand-President, Indian Merchants' Chamber''

GENEVA.

The Secretary General of the League of Nations begs to acknowledge the receipt of the telegram dated the 3rd May from the President of the Indian Merchants Chamber, Bombay, addressed to the President and Officers of the International Economic Conference; and to point out that the question of the choice of members of the Conference by the different Governments is one which does not fall within the competence of the Conference or of its officers.

6th May, 1927.

APPENDIX 78.

Deductions from Wages of Payments in respect of fines (Vide item No. 87 of Chamber's Report for 1926.)

No. 1668.

Bombay 14th April 1927.

**From Director of Information and Labour Intelligence
to Chamber.**

In September of last year I sent you a letter enclosing a copy of a letter from the Government of India and the draft of a Questionnaire on the subject noted above prepared by this office.

The questionnaire and schedule were submitted to you amongst others for criticism before it was issued and both were slightly modi-

fied before issue in the light of the criticisms received, I am enclosing a copy of the questionnaire and schedule used for the Textile Industry. These were used with slight variation in minor particulars for factories and other establishments. It was decided to take the first ten months of the year 1926 for the Textile Industry and the year 1925 for all the other groups of factories and establishments to be covered.

In my letter under reference, I also suggested that you might prefer to defer your comment on the Government of India letter, until the Labour Office had made its enquiry and was able to give some definite information regarding the subject of deductions from wages or payments in respect of fines. The enquiry has now been completed and I attach a summary hereto.

The enquiry was designed to cover as many of the industrial wage earners of the Bombay Presidency as possible. Every known factory in the Bombay Presidency Every known in the Bombay presidency as possible was addressed together with all Railway organisations, Government, Local Fund, and nonfactory establishments, public utility companies, and steamship companies. All the Municipalities in the Presidency were asked to furnish information. The questionnaire and schedule were also sent to the big shops and stores hotels, theatres, cinemas, clubs in so far as lists of these establishments were available. It was also considered desirable to approach office employing clerical labour such as Banks, Government offices, Railway and Public utility administrations, and the larger commercial firms, Solicitors' offices, Insurance Companies, etc. Altogether about 2,250 letters were issued and replies were received from about 1,300. Almost all the large labour employing organisations furnished information, those who did not being chiefly small factories and gins and presses and small offices employing clerical labour,

The table below gives particulars of the returns received from the different groups :—

Groups of Establishments Covered.	Number addressed.	Number of Returns.
I. Textile Mills ...		
(a) In Bombay ...	83	76
(b) „ Ahmedabad ...	63	49
(c) „ Sholapur and Other Centres. ...	30	19
II. Factories (excluding Textile Mills) ...		
(a) Government and Local Fund ...	54	32
(b) Ordinary Factories ...	484	277
(c) Gins and Presses ...	600	400
III. Public Utility Establishments ...	24	18
IV. Municipalities ...	157	68
V. Government and Other Non-factory Establishments ...	25	15
VI. Offices of Steamship Lines ...	47	12
VII. Offices ...	350	180
VIII. Miscellaneous Establishments (Shops Stores, Hotels, Restaurants Clubs, Theatres, etc.) ...	325	85
Nil Returns and Returns not received in time ...		75
Total ...	2,242	1,306

The table below shows the number of establishments among those sending in returns in which fines are stated to be indicated :—

Groups of Establishments covered.	Number of Returns.	Number of Concerns in which fines were inflicted.
I. Textile Mill.		
(a) In Bombay	76	76
(b) „ Ahmedabad	49	49
(c) „ Sholapur and other Centres ...	19	19
II. Factories (excluding Textile Mills).		
(a) Government and Local Fund ...	32	23
(b) Ordinary Factories	277	75
(c) Gine and Presses	400	30
III. Public Utility Establishments ...	18	18
IV. Municipalities	68	57
V. Government and Other Non-factory Establishments	15	11
VI. Offices of Steamship Lines ...	12	12
VII. Offices	180	48
VIII. Miscellaneous Establishments (Shops, Stores, Hotels, Restaurants, Clubs, Theatres etc.)	85	23
Total	1231	441

The question of inflicting fines on seamen is adequately governed by the Indian Merchants Shipping Act, 1923. All fines inflicted on seamen are deducted from wages paid on discharge and are handed

over to the Government Shipping Master at the Port of Discharge. Statistics regarding the amounts of such deductions were not available.

It will, I think, be agreed that the enquiry was sufficiently comprehensive and the information received appears to be adequate for the purpose of expressing an opinion on the question under reference.

I enclose a *copy of the Government of India letter upon which the enquiry was based, and I should be glad to have your views on this and more particularly upon the following points:—

- (a) Whether, in your opinion, the system of inflicting fines on industrial workers is so prevalent as to constitute an evil of such proportions as to require penal legislation to deal with it, and
- (b) If your reply to (a) is in the affirmative, (i) in what respects and under what heads do you suggest legislation should be initiated, and (ii) what should be the scope of the legislation and the authority who should enforce it? and
- (c) If your reply to (a) is in the negative do you consider that any other action is desirable?

The summary attached to this letter gives the information required under different headings in order that criticisms on particular points may be facilitated.

The information given in the summary is closely compressed and the Labour Office proposes to publish, at a later date, a full report covering, in detail, all the points raised in the questionnaire and the schedule.

I should be glad if you could give this matter your very early attention and let me have your reply by May 31st, at latest.

* Not printed Vide file No. R, 64 of 1927,

No. 1007 18th May 1927.

From Chamber to the Director of Information and Labour Intelligence (Labour Office), BOMBAY.

Your letter No. 1668, dated the 14th April 1927 with its accompaniments regarding the above was considered by my Committee at their meeting held yesterday. My Committee have carefully considered the result of a comprehensive enquiry conducted by your Office into the matter under reference, which clearly showed that the system of inflicting fines on industrial workers was not so prevalent as to constitute an evil which would require penal legislation to deal with it. They, therefore, do not see any necessity of action of the proposed nature.

APPENDIX 79.

New Rules and Regulations of the Native Share and Stock Brokers' Association.

(Vide appendix 78 of Chamber's Report for 1926.)

No. G. 932, 7th May 1927,

**From Chamber to the Government of Bombay
Finance Department, BOMBAY.**

The attention of the Committee of this Chamber has been drawn to the new rules of the Native Share and Stock Broker's Association framed by the Government and recently published in the Bombay Government Gazette.

My Committee are surprised to find that inspite of their repeated protests, the rules dealing with "Corner" are incorporated in the new rules. My Committee have in their previous communications clearly expressed their views on the same. They would, therefore, simply reiterate what they have already said and urge the Government to remove the rules regarding corners from the newly drafted rules.

The second point to which my Committee would like to invite the attention of Government is the Rule providing that any European

who has resided in the Bombay Presidency for 10 years is eligible for the membership of the Association. My Committee had in this connection suggested that no European who had not resided in the Bombay Presidency for 10 years and worked as an apprentice for 5 years with certified Broker should be qualified for the membership of the Association. Under the new rule, any European who may have merely resided in the Bombay Presidency for 10 years and done any business or worked in any capacity can legitimately claim to be a member of the Association. My Committee seriously object to such a rule being incorporated in the Rules and Regulations of the Association and respectfully urge the Government to give effect to their suggestion regarding the qualification of foreigners for the membership of the Association.

It is hoped that the Government of Bombay, in light of these views of my Committee, will be pleased to amend the rules so as to bring them into conformity with popular demand.

No. 2902-A.

Bombay Castle, 15th May 1927.

From the Government of Bombay Finance Department
to Chamber.

I am directed to reply to your letter No. G-932 of the 7th May and to state that the month during which Government in their notification asked for criticism of the draft Rules expired on April 15th.

In regard to your strictures on the so-called 'corner rule' I am instructed to inform you that the rule as now drafted received the unanimous assent of a conference, called by the Honourable Member to consider it consisting of representatives of all the important commercial interests of Bombay.

Regarding Rule 3 (b) dealing with the admission of Europeans, this is a matter of internal administration in which Government do not wish to interfere.

APPENDIX 80.**Recognition of the Bombay Stock Exchange Ltd.,****No. G. 1065 25th May 1927.****From Chamber to the Government of Bombay,
Finance Department, Bombay.**

The attention of the Committee of this Chamber is drawn to the recent notification in the Bombay Government Gazette regarding the application of the above stock Exchange for recognition to the Governor in Council.

My Committee, in this connection, would draw the attention of the Government of Bombay to the following remarks of the Atlay Committee with regard to the Native Share & Stock Broker's Association, which are very significant:-

"The business available for the present members, however, does not seem sufficient to provide a living for more than half the members"...

It will be seen from these remarks that there is no room for a second Stock Exchange in this City. As far as my Committee know, there are no two Stock Exchanges in any civilised city, and as such the formation of a second Stock Exchange in this City is contrary to the wholesome principles of the civilised world. My Committee, further, apprehend that if a new Stock Exchange is brought into existence, it is likely to encourage speculation. They are therefore strongly opposed to the recognition of the Bombay Stock Exchange, Ltd., under sub-section (1) of Section 4 of the Bombay Securities Control Act, 1925.

No. 4206/4030-A.**Bombay Castle, 27th May 1927.****From the Government of Bombay Finance Department
to Chamber.**

I am directed to acknowledge the receipt of your letter No. G. 1065 dated 25th May 1927 on the subject of recognition of the Bombay Stock Exchange, Ltd., and to say that it is receiving attention of Government,

No. 4206-A., Bombay Castle, 10th October 1927.

**From the Government of Bombay, Finance Department
to Chamber.**

With reference to your letter No. G. 1065 dated 25th May 1927, on the above subject, I am directed to state that it is proposed to hold a conference on 16th November to discuss the matter. The exact time and place will be communicated to you later on. I am to request you to be so good as to nominate a representative to attend the Conference.

No. G. 2378 22nd October 1927.

**From the Government of Bombay Finance Department
to Chamber.**

With reference to your letter No. 4206-A, dated the 10th October 1927, I am directed by my Committee to inform you that Walchand Hirachand, President, will represent this Chamber on the proposed Conference to be held on the 16th November 1927 regarding the Bombay Stock Exchange, Ltd.

APPENDIX 82.

Protection to Match Industry.

**From Chamber to the Secretary Tariff Board, (Match
Industry Enquiry) CALCUTTA.**

No. G. 777 Bombay 20th April 1927.

I am directed to send to you hereby the views of the Committee of the Chamber with regard to the various queries referred to in the questionnaire.

2. My Committee do not answer the questions seriatim as many of the questions relate to matters technical concerned with the actual working of the match manufacturing factories, with which they are not directly conversant and as such are not in a position to express any opinion thereon.

3. There are, however, certain points in the questionnaire which are of general importance and they would like to deal with such points only.

4. **Introductory.** My Committee are aware that there is a general belief, though unfounded, to the effect that all Indian Matches are inferior to the imported ones. While they do not subscribe to this impression, they have reason to believe that it is due to an erroneous idea of considering the colour of the splints to be the main deciding factor in the quality of matches; if the quality is considered from the standard of utility of imported against Indian matches, it will be difficult to maintain that the Indian matches are not equal in quality to the former.

5. **Wood.** Wood soft and suitable to the requirement of the manufacture of matches is the principle raw material and such soft wood is neither used as timber nor as fuel but forms merely a part of the forest waste and was so considered till match factories in India came into existence. My Committee are of opinion that India with such vast and unexplored forests should be in a position to supply all the soft-wood required for this purpose, if proper re-searches are undertaken seriously by the Government. They are informed that the Government of India have directed the Forest Research Institute of Dehra Dun to make researches into the suitability of soft woods available for the manufacture of matches and that some attempts have already been made towards that end, and they will much appreciate if these attempts result in proper utilisation of Indian forests towards building up so important an industry which supplies an everyday necessity of life. My Committee would like to suggest that the Forest Department should also take in hand the plantation of such species of soft woods as would be required for this industry. The Government of Bombay have, they learn, made a beginning in planting Sawar trees (*Bombax Malbaricum*) and if such plantations are made on an extensive scale, they will help the problem of the sufficient supply of soft wood to a great extent. There is another handicap, which my Committee would like to point out to the Board, and it is the very prohibitive railways and steam transport charges for the wood. The Railways have now allowed these logs of soft wood to

be carried at "fuel rate" instead of a higher rate of "timber" provided the logs are required for bona fide use of match factory. But such a trivial concession does not go to any appreciable extent in inducing Indian Match Manufacturers to use Indian wood for their factories. My Committee believe that proper facilities by way of cheap transport will encourage match manufacturers to use Indian wood to a greater extent. They further suggest that right of extraction of soft woods from forests should be given by tender to bona fide match manufacturers only so that the resources of the Indian forests would be more and more utilised by this country.

6. Other Raw Materials. Other raw materials that are required in the manufacture of matches are mostly chemicals and my Committee are of opinion that if the industry is established on a sound basis these chemicals are likely to be manufactured in India.

7. Labour. India is a country which exports labour and as such is never likely to be in difficulty to secure labour, either skilled or unskilled required for this industry. There is also a good number of experts in this industry who have either got their training in foreign countries or are trained locally under foreign experts. There is again so much of unemployment for both the skilled and unskilled labour that industries like the match industry which are so simple should be developed to lessen and ultimately to remove unemployment.

8. Market. India has a vast demand for this commodity which is an everyday necessity of life that the yearly requirements of this country amount to 17,000,000 gross of matches per year. The figures of imports for British India alone for the year 1917-18 show the demand to be 17,000,000 gross. There is every possibility of this demand of 17,000,000 gross being increased in view of the fact that a portion of the agricultural class cannot at present afford the luxury of the matches and have still to resort to the primitive method of ignition by the help of steel and granite. My Committee have been pressing for a Committee of inquiry regarding the deflection of trade from Bombay. This problem affects the match industry to a very large extent. Quantities of foreign matches are sold in Ahmedabad

and other places at Rs. 1-14-0 when the present duty is Rs. 1-8-0. Without going into details with regard to such conditions, my Committee will again press here for a thorough and searching enquiry in to the situation.

9. Competition. The chief competition comes from Sweden and naturally Sweden is much more concerned in the development of this industry in India. Unfortunately India is a land open to all countries of the world to be explored and there are no measures to prevent any foreign country from exploiting the resources of this country by opening up factories here and thus depriving Indians of the natural advantages that may perhaps accrue out of certain measures which act as protective to any industry. The Tariff Board are probably aware that one of the effects of the import duty of Rs. 1-8-0 per gross has been the opening of match factories by influential Swedish Syndicates in order to take undue advantage of this duty to compete with. My Committee do not desire to go into the details of this powerful Syndicate as the same seems to have been done by bodies more in the know of its doing and directly affected by them, but they would like to impress upon the Board the desirability of instituting a thorough enquiry into the intentions and doings of this Syndicate and the result thereof on the development of the Indian Match Industry. This they believe will form a definite part of their inquiry.

10. Claim for protection. My Committee are conversant with the conditions laid down by the Fiscal Commission to be satisfied by industries claiming protection. They are of opinion that there is a sufficiency of the supply of the chief materials required for this industry, namely soft wood, if proper researches are seriously taken in hand by Government to find out soft wood suitable for the manufacture of matches. Besides power is not a main consideration in this industry as most of the work can be done by manual labour and is being done at present in most of the factories that are established in India. Whatever power that is required is also available at moderate charge. The question of the supply of labour will not worry the promoter of this industry as labour is abundant in India.

11. My Committee have reasons to believe that unless sufficient protection for sometime is afforded to this industry, it is not likely

to develop. But if it is at all developed under the fostering care of the Government it will soon be in a position to face the world competition without the necessity of protective duty. My Committee also wish to impress upon the Board the fact that during the Great War not only the prices of matches had gone up a great deal but there was felt a great scarcity and had it not been for the Japanese import what would have been the position in the country could better be imagined than described. They also believe that had it not been for the Indian factories recently growing up, the prices would have been much more than those that are at present ruling for this bare necessity of life and they trust that the Board will seriously consider the future position of the country in this respect.

12, It is also a well-known fact that India has been dependent upon foreign imports of matches all these years but the position has never been so serious as at present, when a strong syndicate has been formed with an enormous capital to control the industry and to make enormous profits by acquiring factories manufacturing matches in certain parts of Europe and in Japan, the only sources from where matches used to be imported heretofore; even the machinery works and chemical works which manufacture machinery and chemicals for match industry are being taken over by this syndicate in their control in order to preserve their monopoly.

13. The activities of this syndicate in India are all for the purpose of promoting the interests of the syndicate that is to get as much of their produce as possible into India, and to capture the Indian markets entirely for themselves, so that ultimately they can sell their products as they like; it is impossible to believe that this Syndicate with this aim, object and activity has established some factories in India with the intention of encouraging this industry in India and therefore, it is hoped that India will not be left to its mercy for a bare necessity of life. My Committee are also of opinion that encouragement to this industry will also be a help to the chemical and paper industries in India and will, while giving employment to thousands, develop forests and cause increase in forest revenues of the Government as also in the revenues of the Railways.

14. My Committee are, therefore, of opinion that the present duty of Rs. 1-8-0 per gross should be maintained. Anything less than this will jeopardise the whole fabric of this industry and once it is pulled down, it will be very difficult for the industry to raise its head again. The reasons for the maintenance of this duty are manifold; the chief amongst them being, the industry being in the hands of a very strong syndicate out to control the world's output and demand, the raw materials that are being imported in India for the manufacture of matches are sold at the maximum rate thereby already penalising the Indian concerns for their attempt to compete with the foreign ones.

15. One of the effects of the protective duty will be that a few new factories will be opened in India by foreign capital, such an advantage has already been taken by the Swedish Syndicate in opening up factories at Amranath near Bombay, Rangoon and Calcutta and their object being necessarily detrimental to the interests of the development of the India industry can only be checked by an imposition of an excise duty on the produce of factories under the control of foreign concerns in proportion to the capital invested by them. Such an excise duty will put a check to the mischievous activities of foreign trusts out to undermine this industry by dumping their produce on the Indian market. There is another form of indirect assistance which my Committee would like to suggest and it is transport facilities by rail and steam for the finished goods of Indian factories to the different parts of India.

APPENDIX 83.

Stamping of artificial silk piecegoods when mixed with Cotton, Wool, or an admixture of both.

No. 1480 of 1927.

From the Collector of Customs, Bombay to Chamber.
Bombay 25th April 1927.

Subject—Artificial silk piecegoods
stamping of, when mixed with cotton
wool, or an admixture of both.

I have the honour to invite a reference to the Government of India, Finance Department (Central Revenue) Notification No. 33 dated 25.9.26 republished in the Bombay Government Gazette, Part 1, dated 14.10.26, page 2301, amending the Rules under the Merchandise Marks Act relating to the stamping of lengths on piece-goods and to state that Government of India have received a suggestion that piece-goods consisting of an admixture of either cotton and wool or of an admixture of either cotton and wool with artificial silk should be brought within the scope of these Rules and made liable to stamping. Before taking any action on the proposal, the Government of India, however, desire that local commercial opinion should be consulted and I accordingly request you to furnish me with an expression of the views of your Chamber.

No. G. 1067 26th May 1927.

From Chamber to the Collector of Customs Bombay.

With reference to your letter of the 25th April 1927 R. S. R. No. 1480, I am directed to state that my Committee have no objection to the proposed stamping of artificial silk piece-goods when mixed with cotton, wool or an admixture of both.

APPENDIX 84

No. 7970-G/24. Bombay Castle, 25th April 1927.

Mining Concessions-Disposal of by Auction or Tender.

**From The Government of Bombay Revenue
Department to Chamber.**

I am directed by the Governor in Council to forward a copy of the letter from the Government of India, Department of Industries and Labour, No. M-1110 dated 15th December 1926 and to request you to favour Government, by 1st July 1927, with the views of your Chamber on the questions raised therein.

Letter from the Government of India, Department of Industries and Labour, No. M.-1110 dated 15th December 1926 :...

I am directed to address you regarding the possibility of disposing of mining concessions on a system of auction or of competitive tenders. This question has already formed the subject of correspondence with local Governments, but, as the Government of India now think it desirable that the commercial interests concerned should be consulted upon it, and as the position has since been somewhat altered by a modification of the Mining Rules, I am to give a general review of the main considerations, as they present themselves to the Government of India.

2. Prior to the issue of the Mining Rules of 1899, the rules in force contained a provision for the disposal of the concessions by auction. The Mining Rules promulgated in 1913 based the grant, both of prospecting licenses and mining leases, on the principle of priority and, subject to the modification to which reference is made in paragraph 3 of this letter, that principle is still effective. The right to a concession rests with the person first applying for it, on the principle that the prior applicant is in nearly all cases the discoverer of the mineral deposit in question. The local Government can in any particular case grant a concession to a person who was not prior applicant; but this discretion is intended to be exercised only where there are definite and strong reasons for departing from the ordinary rule.

3. Proposals have been made by more than one local Governments for the amendment of the rules so as to permit concessions to be granted by auction or by a system of tenders in certain circumstances. One case in which the arguments in favour of such a change appeared to the Government of India to be unanswerable is the case of cancelled concessions. Where, owing to the breach of the terms of the license or lease or for other reasons, a concession of any value already granted is cancelled by the local Government or abandoned by its holders, several applications for it are frequently received almost simultaneously. The principle of priority ceases to have any value or meaning in such cases. For, its main justification, which is the

protection of persons who have done work on the concession, disappears; and it was not intended to be used to confer a valuable concession on one person who had done nothing to prove the value of that concession in preference to others, similarly placed, who happened to send in their applications a few hours later. The Government of India therefore obtained the approval of the Secretary of State to the addition to the Mining Rules of rule 56 (copy appended).

4. The question which now arises is whether the method of disposing of concessions by auction or tender should be extended to other types of cases. One type of case which suggests itself in this connection is that of time-expired leases. The older mining leases did not, as a rule, contain any provision for renewal, and it may frequently happen that on the expiry of the term of the lease, the concession is still of considerable value. In such a case the application of the priority clause gives rise to the same difficulty as in the case of cancelled concessions, and there is a further strong objection in that it places the previous holder of the concession and other applicants on the same footing. The Government of India are inclined to think that in such cases the original holders provided that their work on the concession has been satisfactory, should be given the first offer, or at any rate, preferential claim to a fresh lease. This might be secured by inviting tenders and by accepting their tender if it did not fall short of the highest satisfactory tender by a reasonable amount. This method would be especially suitable in those cases where the lease was granted on the condition that fixtures, appurtenances, etc., became the property of Government at the end of the lease. And it would make it possible for a fresh lease to be given at the ordinary royalty rates while conserving fully the interests of the taxpayer.

5. Apart from these cases, there is, so far as the Government of India are aware, no other case in which the existing rules cannot easily be applied, but the extension of the principle has been urged by more than one local Government on the ground that the revenue accruing from mining concessions would thereby be increased. It is on this point particularly that the Government of India desire the

views of the interests affected and of the local Governments, and I am to indicate some of the more important questions which arise in this connection. The Government of India are in entire sympathy with the desire of local Government to obtain from mining concessions the maximum income that can be regularly collected without detriment to the industrial progress of the country. Minerals are a public asset, and are irreplaceable, and it is the duty of those responsible for the public revenues to secure the fullest possible return from them. But the assumptions involved in the view that an amendment of the Mining Rules in the direction suggested would be to the advantage of the taxpayer require careful examination.

6. The first question which arises is whether new mining enterprises, i.e., concessions over which no prospecting license or mining lease has previously been granted, can safely be made to yield an appreciably higher revenue than is at present derived from them. The Government of India have not so far been furnished with any material on which to form a conclusion on this question, and I am to suggest that it should be examined with the assistance of such figures as are available of the capital sunk in mining work and of the returns made to Government and to the capitalists concerned. In this connection. I am to emphasize the importance of regarding as a whole the various enterprises concerned in any particular class of mining work. Many, possibly most, mining enterprises are unsuccessful and it is only the prospects of the substantial profits accruing from a successful venture which induces so many to risk their capital in an extremely speculative type of business. The mere fact that in some cases the profits are on a generous scale is not, in the view of the Government of India, sufficient to prove that the return made by mining investors can safely be raised without checking the flow of fresh capital; the average level of profits on all enterprises of the same class, successful and otherwise, gives the true measure of the extent to which a further yield can be secured without checking the progress of the industry, and thus defeating the purpose to secure which the change is proposed.

7. If it is shown that new mining concessions generally, or any particular class of such concessions, should yield an increased revenue to Government, the next question which arises is that of the method to be adopted to secure that increase. It may be the case—and one or two local Governments are apparently of this opinion—that the method of auction or tenders is the best possible method. But, more especially as this method is not free from objection, it is important that the possible alternative methods should be fully considered before a decision is made.

The most obvious objection to the adoption of a competitive system such as that of auctions is that it would place persons who had done work on concessions on a level with those who had done nothing. It is important, in this connection, to remember that in many cases a considerable amount of geological work is done before application is made for a prospecting license. Much mining development would not be possible without the activity of geological investigators who examine large areas of country with a view to determining the particular areas over which through prospecting work, under a license, can be undertaken with a reasonable chance of success. These men have seldom much capital and in an auction would have little or no prospect of securing an area in which they had shown the probable existence of valuable minerals. A second objection arises from the fact that the holders of prospecting licenses must be allowed to retain their rights to mining leases. Investors will not normally be prepared to take out mining leases over an area which has not been thoroughly prospected, nor on the other hand will they be disposed to pay much for the privilege of prospecting over an area which may prove to be insufficiently rich to justify the taking out of a mining lease. Further, a system of auctions will make it difficult for Government to withhold concessions from the less desirable type of mining speculator who may be able, with the aid of the advertisement given by the price paid, to secure from the public much more than the concession is worth, and who may be incapable of working the concession on satisfactory lines. It might be possible, by judicious limitations on the classes of concession to be auctioned, to meet these difficulties, this is

point which is discussed later. But if other methods of securing an increased revenue from mining leases are free from objections of this kind, this is, in the view of the Government of India, a valid reason for preferring them.

8. Among such possible methods are the raising of the royalty rates. The first method would appear to be suitable where, owing to the development of markets or other causes, the existing royalty rate has become generally inadequate. A strong argument in favour of the second method is that concessions, even for the same mineral, vary widely in value. For an area with good transport facilities containing rich and easily worked minerals a high rate could equitably be fixed; while the development of areas that are difficult of access or poor in character might be encouraged by lowering the rates. But this method is not free from objections; in the first place it is difficult, if not impossible, in many cases to estimate accurately beforehand the value of a concession, and in the second place there is a danger that prospecting would be discouraged if the discoverer of a rich area would not rely upon securing it at a known royalty rate.

9. If it is decided that the system of auctions or tenders should be applied to new concessions, there remains the definition of the cases in which it is to be applicable. In the previous discussions on the subject a suggestion was made that it should be applicable only to areas 'commonly reputed to contain minerals'. This term could, in the view of the Government of India, be applied to most of the areas over which mining concessions are likely to be wanted, and would be of little assistance in limiting the extent to which the new system would be applicable. It might be possible to restrict the system to areas of proved value, but the difficulty involved in the use of any such term is that the public would thereby be induced to believe that the value of any area offered for auction was guaranteed by Government, whereas no absolute guarantee could be given. The Government of India are therefore inclined to the view that the new system, if introduced, should be applied simply to such areas as might be notified by the local Government (subject possibly to the approval of the Government of India). The fact that the areas of which an auction could successfully be held are few is likely to prove

a more effective limitation on such a system than any definition that can be devised. But this is again a question on which the advice of those engaged in mining might be valuable.

10. In conclusion, I am to set out the main questions which the Government of India desire to have examined;—

- (1) Should the auction or tender system be extended to cover the case of time-expired concessions and, if not, what method should be adopted to secure from such concessions, when released, a return commensurate with their value?
- (2) Is it desirable that the return from new mining concessions should be increased, either generally or in specific cases?
- (3) If so, what method should be adopted for securing an increased return and to what cases should these methods apply?

I am to request that after consultation with the interests concerned a reply may be sent to this letter not later than 1st September 1927.

RULE 56 OF THE MINING RULES,

56, In case where a prospecting license or mining lease has been cancelled, the local Government may notwithstanding anything to the contrary hereinbefore contained offer a fresh concession, either in the form of a prospecting license or a mining lease, over the whole or a portion of the area covered by the original license or lease and may sell such concession by auction or private treaty or by any other method which they consider to be suitable.

Provided that—

- (i) the persons to whom the concession is sold shall be the holder of a valid certificate of approval;
- (ii) save for the payment of an initial premium the terms of sale shall conform in every respect to the provisions of rules 24-26 and 30-33 in the case of a prospecting

license and to the provisions of rules 45-54 in the case of a mining lease, as the case may be.

No. G 1122 4th June 1927.

**From Chamber to the Government of Bombay
Revenue Department, Bombay.**

I am directed by the Committee of this Chamber to acknowledge receipt of your letter No. 7970-G/24, dated the 25th April 1927 regarding the above and send their views hereby on the same.

My committee have considered the proposals of the Government of India regarding the possibility of disposing of mining concessions on a system of auction or of competitive tenders. They observe that the intention of Local Governments seems to obtain from mining concessions the maximum income that can be collected by introducing the proposed system of disposing of these concessions by auction or tender. With regard to the disposal of mining leases by auction or competitive tenders in cases of cancelled or abandoned leases, my Committee think that no appreciable increase in the revenue derived by Government from mining may be expected to result. If the Government, however, think that by disposing of cancelled or abandoned leases by auction, competitive tenders or otherwise, it is possible to raise the revenue, my Committee have no objection to the same.

As regards the proposed extension of this system in connection with the disposal of the expired leases, my Committee are of opinion that the claims of the party who has taken the trouble of exploring, prospecting and mining these areas should not be overlooked. They are glad to note that the Government of India are inclined to think that in such cases the original holders, provided that their work on the concession has been satisfactory, should be given the first offer, or at any rate, a preferential claim to a fresh lease. My Committee approve of the suggestion of the Government of India that the

tenders of the original holders, if they did not fall short of the highest satisfactory tenders by reasonable amounts, should be accepted.

The introduction of the system of tender or auction in connection with new mining enterprises, will, in the opinion of my Committee, create speculation and defeat both the objects of exploring new areas and securing steady and appreciable revenue from them. My committee think that the present system of granting concessions on Royalty basis is good and they do not see any necessity of changing the same.

In conclusion, my Committee desire to draw the attention of the Government to the fact that the mineral deposits of the country are very valuable and irreplaceable national assets, and, as such they should not lightly allow foreigners to exploit the same without proper safeguards and restrictions.

APPENDIX 85.

Reorganisation of the Department of Industries of the Government of Bombay.

No. G 980 13th May 1927.

From Chamber to the Government of Bombay General Department, BOMBAY.

The attention of the Committee of this Chamber is drawn to the recent retirement of Mr. F. E. Bharucha, Director of Industries Government of Bombay.

The Government are no doubt aware that my Committee have been taking a keen interest in the working of the Department of Industries of this Presidency. The Bombay Presidency is pre-eminently an industrial province and it is in the fitness of things that it should have a well-equipped and ably managed Department of Industries. The attention of the Government of Bombay in this connection is drawn to the fact that the Provinces of the Punjab, the United Provinces, Behar and Orissa and Madras spend much

more on their Departments of Industries than the Government of Bombay do and they all have got whole-time Directors of Industries. In most of these Provinces they are Indians. My Committee understand that the Collector of Bombay is put in charge of the Department of Industries and regret that the Government have taken this opportunity of again placing the Department in the charge of a non-Indian official. They urge that an Indian should be appointed as permanent Director in accordance with the understanding arrived at by the Honourable the Minister in Charge of Industries in 1924 with the local Legislative Council. My Committee would also like to know if the Committee appointed sometime back by the Government under the Chairmanship of Mr. Freke for preparing a report on the Department of Industries has yet submitted its report. They will welcome a pronouncement by the Government giving an assurance as to the future of the Department and placing it in the charge of an able Indian.

No. 5865/D, Bombay Castle, 28th May 1927.

**From The Government of Bombay General Department
to Chamber,**

With reference to your letter No. G. 980, dated the 13th May 1927. I am directed by the Government of Bombay (Transferred Department) to state that the future organisation of the Department of Industries is at present under the consideration of a Committee whose report has not yet reached Government. I am to observe that until the Committee's report has been received and considered by Government, no definite pronouncement can be made,

APPENDIX 86

**Unification of all Commercial weights and measures on
the basis of metric system.**

**From All America Standards Council to Chamber.
Sanfrancisco, U. S. A. 22nd February 1927.**

It has come to our attention that there is a powerful movement launched in India to unify all commercial weights and measures on

the basis of the decimal metric standards, and we write to the Indian Merchant's Chamber to express our interest in following the progress of this advance.

Traders declare that this metric standardization will prove of great advantage to the world trade of India, and cite as typical of the present confusion that the maund is $82\frac{1}{2}$ pounds in Bengal, but only 25 pounds in Madras,

In 1871 the metric units were adopted for general use throughout India, but this metric law was vetoed by an ultraconservative Secretary of State for India, sitting in London. It is believed that now adoption of metric standards by India would be approved by all progressive British commercial interests. The 10th Congress of the Chambers of Commerce of the British Empire meeting in London, went on record unanimously in favor of the principle of decimal currency and decimal metric weights and measures.

In order that the Indian Merchants' Chamber may review the rapid Metric Advance throughout the world, and the winning movement for metric standardization in the United States, we send herewith a number of publications, which we trust you will refer to your membership.

No. G. 1165, 10th June 1927.

**From Chamber to the All America Standards
Council, Sanfrancisco, California, U. S. A.**

I am directed by my Committee to acknowledge receipt of your letter No. nil, dated 23rd February 1927, regarding the unification of all commercial weights and measures in the basis of the decimal metric standards. They realise the force of the argument that this standardisation will be of great advantage to the trade of India, but they think that it is not practicable at present to adopt the system advocated by your Council due to diversity of Indian weights and measures. It is too early for India to go in for that system at this stage and my Committee regret, therefore, they are not in a position to support the adoption of the system under reference,

APPENDIX 87.

Protection to Chemical Industry.

No. G. 1242, 21st June 1927.

From Chamber to the Government of India

Department of Commerce, Simla.

The attention of the Committee of this Chamber has been drawn to the application sent by Messrs. Dharamsi Morarji Chemical Company; Limited, and some other chemical companies like the Eastern Chemical Company, Limited, to the Government of India for protection to the Chemical Industry. These chemical companies want an enquiry by the Tariff Board with regard to their particular industry as they feel that unless a substantial measure of protection is given to the industry it will suffer badly and even the few chemical companies which are at present conducting their work inspite of difficulties and against odds will have to close down. My Committee regret to note that the Government have shown indifference to the claims advanced by these Chemical Companies. My Committee are informed that the Dharamsi Morarji Chemical Company sent an application to your Department on the 27th January 1925 and that it took eleven months for you to send a reply to them. It was pointed out in the reply that the Industry was not able to obtain sulphuric acid practically as a by-product in the course of other manufacture and that it would not be able to meet competition, as also that the Chemical Industry would be put far down in the list for reference to the Tariff Board. Such an attitude is disappointing, specially when it concern an Industry which is considered a *key industry* in all civilised countries. In fact, while the war was going on the Chemical Industry was considered a key industry even in this country and the Government always tried their best to help it at the time in order to get the required chemicals for carrying on operations of the war. It is a matter of deep regret that that attitude should have changed into one of indifference, if not of opposition,

Looking to the fact that the chemical industry is a key industry the Government of India can very well concede what is demanded of them viz: a reference of this matter to the Tariff Board. My Committee have seen that recently a reference has been made to the tariff Board with regard to ply wood and tea chests industry. Without underestimating the importance of this industry, my Committee may well be allowed to say that its importance as an industry is not the same as that of the Chemical Industry. The present position of the Chemical Industry is such that it cannot wait indefinitely for any action being taken with regard to it. If the present Tariff Board are too busy with other industries, the Government may very well appoint another Tariff Board for making an enquiry either specially for the Chemical Industry or with such other industries as may be waiting for having a hearing before the Tariff Board.

My Committee beg to point out before they close this letter that the proposed removal of the Import duty on stores will further harm the Chemical Industry.

Under all these circumstances, my Committee beg to approach the Government of India with a request that enquiry regarding the necessity for protection to the Chemical Industry should be referred to the Tariff Board at the earliest possible opportunity and that if the present Tariff Board cannot attend to this matter soon the reference should be made to a Special Tariff Board.

No. 199-T(7).

**From Government of India Department of Commerce
to Chamber,**

Simla, the 10th August 1927.

I am directed to acknowledge the receipt of your post-card reminder dated the 28th July 1927, and to say in reply, that your letter No. G. 1242, dated the 21st June 1927, on the above subject is receiving attention,

No. G. 2331 17th October 1927,;

**From Chamber to the Government of India Department
of Commerce SIMLA.**

With reference to the correspondence ending with your letter No. 199-T(7), dated the 10th August 1927, my Committee will be obliged if you will be good enough to let them know of the decision of the Government on the above question, at an early date.

No. 199-T(7).

**From Government of India Department of Commerce
to Chamber.**

Simla, the 29th October 1927.

In reply to your letter No. G. 1243, dated the 21st June 1927, I am directed to say that the Government of India propose to refer the question of the protection of the chemical industry to the Tariff Board as soon as the Board's programme of work permits. It is expected that it will be possible to do this by March or April next when the Board's enquiry into the match industry will be completed or approaching completion.

APPENDIX 88

Introduction of the system of Phonograms in Bombay.

No. T. 240. Bombay

**From The Postmaster-General Bombay Circle
to Chamber.**

I have the honour to enclose for your consideration 10 copies of a notice dealing with a scheme for providing facilities for Telephone Subscribers to send and received telegrams in plain English by Telephone and to request you kindly to let me have your views in the matter.

Posts and Telegraphs.

Notice,

Phonograms.

Provided that there is a sufficient demand, it is proposed to introduce in Bombay as an experimental measure, in the manner explained below, a system which will provide facilities for telephone subscribers to send and receive telegrams in PLAIN ENGLISH by TELEPHONE. Such messages will be called 'PHONOGRAMS'.

Phonograms for despatch.

Phonograms for transmission may be telephoned to the Central Telegraph Office on payment of an additional charge of two annas per telegram. The procedure to be adopted for this will be that a telephone subscriber will ring up a certain number (which will be allotted when the system is introduced), give his telephone number and ask for a phonogram to be taken down. He will first give the total number of words in the text and then proceed to dictate the phonogram clearly and distinctly to enable the operator to take it down correctly. The subscriber will then ring off. Immediately after this the Central Telegraph Office will ring up the number given by the subscriber and will repeat the phonogram. This procedure is necessary to ensure that messages so received are correct and genuine.

2. A copy of the message received on the telephone will be sent to the subscriber by the first available post. In all cases of complaint the number allotted to this copy should be quoted.

3. The cost of the messages and the additional charge will be recovered along with telephone charges in the Telephone Bills.

Received telegrams.

4. Received telegrams can be telephoned by the Telegraph Office to the subscriber concerned free of charge. The procedure to be adopted for this will be that the Central Telegraph Office will call up the subscribers and telephone to him the contents of the telegram received for him. As soon as the Telegraph Office finishes reading out the telegram the subscriber should ring off and then call up No. and repeat the telegram for confirmation by the Telegraph Office A

copy of the telegram will be posted to the subscribers by the first available post.

Conditions.

5. Conditions on which messages will be accepted for despatch and delivered as phonograms are as follows:—

- (1) The messages must be in plain English.
- (2) The subscriber must have a telephone Deposit Account as required for trunk Calls.
- (3) Subscribers who desire to avail themselves of these facilities must clearly understand that the Departments accept no responsibility for mutilations or mistakes in transmission by telephone. Any corrections due to errors in transmission on the telephone will have to be made at the expense of the sender.
- (4) If the General Telegraph Office gets no answer from subscriber for whom it has a telegram for delivery, the subscriber will be rung up three times after the receipt of the telegram in the Telegraph Office and if the message cannot be telephoned within one hour of its receipt it will be delivered in the ordinary way.
- (5) Telegrams on which charges have to be recovered will not be delivered on the telephone.

No. G. 1009 18th May 1927.

From Chamber to the Postmaster-General, Bombay,
Circle, Bombay

I am directed to acknowledge receipt of your letter No. 1 TT. 240, dated the 11th May 1927 and state that my Committee approve of the above mentioned proposal.

APPENDIX 89.

**Mr. Walchand Hirachand's Suggestions for the
betterment of agricultural conditions.**

No. G. 1039 20th May 1927.

**From Chamber to (1) the Government of Bombay,
Irrigation Dept., P. W. D., Bombay, and**

**(2) The Honourable Minister for Exise & Forest
(Agriculture), Department, Bombay**

1 am directed by the Committee of this Chamber to send their views hereby on the suggestions made by Mr. Walchand Hirachand to the Government of Bombay for the betterment of agricultural conditions, (Copy enclosed for ready reference).

2. With regard to the first suggestion, my Committee approve of the same with a slight modification that the service roads under reference should be thrown open for all traffic except motor cars of any kind instead of motor lorries only as suggested. As regards the proposed levy of tolls for maintaining these roads, they have no objection to the same.

3. As regards the second suggestion of allowing the public on the public on payment of usual or a little extra charge the use of telegraphic and telephone lines laid for the Irrigation Department, my Committee are of opinion that the public should be allowed to have recourse to such facilities whenever available. The ryots will get, as suggested, the benefit of weather and market reports through these sources.

4. The proposal of handing over the work of the actual distribution of canal water to the Agricultural Department has already been advocated by my Committee in their written Statement before the Royal Agricultural Commission and they again emphasise the same.

5. The suggestion regarding the free supply of water for green manuring appears to my Committee to be a sound one and such facility of free supply of water for green fodder also will improve the

stock of the cattle considerably. The crying need of the agriculturists to-day is for green fodder and the Government should give effect to such a sound and practical suggestion as soon as possible.

6. My Committee agree with the proposal of doing away with the compulsion for building out-let walls at the cost of the irrigator for up-stream supplies, particularly in case of small estates of 200 acres and below.

7. They also agree with the proposal that the Government should give assurance amounting to guarantees to supply water to irrigators under normal conditions.

8. As regards the proposal regarding demand for water being greater than supply, my Committee beg to state that it may be qualified to the extent that the Government should advance loans to those people who are prepared to make necessary improvements on lands or in methods of cultivation.

9. My Committee fully agree with the view that industries or railways of subsequent growth should not get water at the expense of the agriculturists.

10. As regards the suggestion regarding higher agricultural education, my Committee would defer their views for the time being.

11. My Committee agree with the least suggestion that the Government should select in each district or even in each taluka an enterprising agriculturist with a decent acreage who is prepared to use modern methods and to allow the public all the facilities and information as to figures, etc., for demonstration purposes. They think that that will be a cheap but effective method for demonstration purposes. They further suggest that the Government should announce prizes for better and more efficient methods of cultivation, etc., on the American lines. This, in their opinion, would stimulate the agriculturists to improve their lands.

(Copy)

When giving evidence before the Royal Agricultural Commission on 31-3-1927, I made various practical suggestions in my personal capacity for betterment of agricultural conditions. I was asked by one of

the members of the Commission if I had made these suggestions to the local Government, leading me to presume that those suggestions were so important as to be seriously considered by the Local Governments. This therefore, is an attempt to meet conveniently that requirement, though not in the usual form,

(1) More communications, means of transport being admitted to be necessary and useful all service roads of the Irrigation Department which generally run parallel to canals should be thrown open to the public for all traffic except motor lorries; as these roads are not direct roads or short cuts, but circuitous owing to their having to follow the contour line, much traffic is not expected so as to damage the roads requiring additional maintenance expenses. Even if such are found necessary, *tolls*, should be levied, the receipts of which should be spent on maintenance of these roads. Opening of these roads to public will be beneficial to many interests particularly inter-village and inter-field traffic and in some cases to Bazar town traffic.

(2) Wherever telegraph or telephone lines are laid for Irrigation Department use, these should be made available to public on payment of usual charges. The present system seems to be that the telegraph instruments are housed in the Irrigation Office and an operator employed. This should be discontinued and the system connected with the nearest Post and Telegraph Office; wherever Government Telegraph Office is not existent, the Postal Department should be induced to open one or even subsidised to the extent of half the pay of the signaller, as it will result ultimately in reducing the Irrigation Department's expense. The benefit to the ryot will be facility for weather and market reports as also emergency requirements.

(3) The actual distribution of canal water should be let entirely with the Agricultural Department, the Irrigation Department restricting themselves to construction and maintenance one of the system, the reasons for this change are obvious. The Agricultural Departments are the proper Departments who specialise in study of crops and the requirements of the agriculturists, as also of the time and quantity of water required for various crops of different soils.

(4) Water for green manuring, where manure crops like hemp are actually buried solely for manuring purposes, should be

given free. The same should apply to water for green fodder particularly when fodder is intended to be used for the irrigator's own cattle. Reduction in revenue on this account should not normally exceed 10 per cent and should be made up by increase in crop rates for water. Facility of free water for green fodder will improve the cattle considerably.

(5) Compulsion for building outlet wells at the cost of the irrigator for up-stream supplies should be done away with particularly in the case of small estates of 200 acres and below. As up-stream land means carrying water through a cutting and then lifting, there is no fear of any wastage, leakage or pilferage. If the rule of the Irrigation code is not desired to be entirely removed, discretion to District Officers subject to Divisional Officer's approval to do away with such outlet wells should be given. Outlet wells cost Rs. 2,000 to 2,500 normally which is a further serious handicap to up-stream irrigator ; a cast iron pipe shoved through the embankment would serve the purpose.

(6) Assurance amounting to guarantees by Government under normal conditions to supply water to Irrigators should be given. This has been found necessary after experience and at a serious cost to Irrigators.

(7) In case of demand for water being greater than supply preference should be given to those Irrigators who have developed their fields methodically and have sunk capital in plant, cattle or improvements on land or methods of cultivation,

(8) Preference is sometimes given to subsequent non-agricultural requirements such as Municipal water supplies, water to Textile Mills or other Industries and Railways reducing to that extent the supply to the agriculturist. A case in point to some extent is Ekrak tank at Sholapur and there are developments contemplated for Malegaon City supply and consequential requirements which are likely to lead to similar results on the Girna Canal.

(9) As regards higher agricultural education, personally I would suggest that the two Government Arts Colleges at Dharwar and

Ahmedabad should be handed over to Education Societies like those conducting the Fergusson College or Surat College or the Nasik College and two more Agricultural Colleges instead should be opened at Dharwar and Ahmedabad.

(10) Demonstration farms serve a very useful purpose but running these on present lines by Government as at Manjri is not only costly but to some extent not as effective as a private farm. It is therefore suggested that the Government (Agricultural Department) should select in each District or even in each Taluka an enterprising agriculturist with a decent acreage who is prepared to use modern methods and is prepared to allow the public all the facilities and information as to figures, etc. for demonstration purposes, the subsidy or encouragement to be given to him being rebate to be paid to him on such demonstration area of his land assessment also of irrigation assessment if any. This will be a cheap but effective method for demonstration purposes.

Some of the above suggestions could not be mentioned at the time of my evidence. In case objects and reasons of these points or amplification thereof is required, I am prepared to meet the various authorities concerned at a Round Table Conference in Poona in June next, as this will give them about eight weeks to get ready with their comments.

It is estimated that if all these suggestions are carried out, the cost to the Government will be nominal.

Further printed copies of these suggestions can be sent on application.

WALCHAND HIRACHAND.

Letter No. S. 49-4/14546-I. W.

Bombay Castle, 23rd May 1927.

**From the Government of Bombay Public
Works Department to Chamber.**

I am directed by the Governor in Council to acknowledge the receipt of your letter No. G. 1039, dated 20th May 1927, with which

you forwarded the views of the Committee of the Indian Merchants' Chamber on the suggestions made by Mr. Walchand Hirachand on the subject mentioned above, and to say that they will be laid before Government.

APPENDIX 90.

Filling in of Block No. 7 of the Backbay Reclamation.

(Vide Report of 1926 pp. 702-717.)

Bombay Castle, 29th March 1927.

From the Government of Bombay, Development Department to Chamber,

I am directed to refer to your letter No. T. 2443, dated the 9th December 1926, addressed to the Secretary to Government, General Department, regarding the reclamation of block No. 7 of the Back Bay Reclamation Scheme, and to say that Government have carefully considered the Chamber's letter and see no adequate grounds for abandoning the reclamation of the block which was commenced in October last and which will be completed at the end of the current season, i. e., about the 15th of May 1927. The completion of this block has been accepted in the recommendations made by the Mears' Committee. The financial prospects of the scheme are also favourable.

No. G. 796. 20th April 1927.

From Chamber to the Government of Bombay
General Department Bombay.

The Committee of this Chamber are deeply concerned to note that the Government of Bombay are not inclined to abandon the reclamation of block No. 7. They had pointed out in their letter of the 9th December 1926, No. T. 2443, that it would take at least 33 years to dispose of all the plots in block No. 7 and that at the end of this period there would be found to be a loss of rupees two crores accruing to the State from it. This contention of my Committee was

supported by figures and calculations. The Government have not thought it proper to controvert these arguments or to challenge any figures or calculations but have merely presented a fait accompli. After my Committee addressed the Government of Bombay in December last there was an important discussion in the Bombay Legislative Council on the motion of Sir Joseph Kay to reduce the amount provided for Back Bay works by Rs. 20,27,000. During the course of his speech, he pointed out how the Committee known as the Kay Committee observed that if work on block No. 7 was carried out the loss would then increase and that they therefore decided to ask Government to stop the work entirely. Notwithstanding this the Government issued a Press Note, which Sir Joseph Kay called a "clever" Press Note, because by a slight adjustment or altering the development period to which the loss was attributed and taking into account the other part of building area, the Government tried to turn the estimated loss of 11 lacs into a profit of Rs. 9 lacs. It is observed in your letter that the completion of this block has accepted in the recommendations made by the Mear's Committee. My Committee would like to point out that in their Interim Report, the Mear's Committee expressly left it to the Local Government "to decide for themselves whether any action and if so what, should be taken in respect of this block (No. 7) pending the decision of Government on the final Report of the Committee." The Government cannot now turn round and attach responsibility to the Mear's Committee, who most probably gave their final approval to the completion of block No. 7 as it was a fait accompli.

The cryptic sentence at the end of your letter that "the financial prospects of the scheme are also favourable" shows that Government do not intend to even make an attempt at answering any arguments advanced by the Kay Committee or my Committee. My Committee are still left unconvinced and regret that the policy of the Government of Bombay of flouting public opinion which resulted in such a disaster for the Presidency through the Back Bay scheme is still being evidently followed.

APPENDIX 91.

**Industrial Housing Scheme of the Development
Department.**

No. G. 567 31st March 1927,

**From Chamber to the Government of Bombay
Development Department, BOMBAY.**

The Committee of the Indian Merchants' Chamber have carefully considered the Report of the Special Advisory Committee on the Industrial Housing Scheme. Their views have been embodied in the separate Report of their representative, Mr. Manu Sabedar.

To the portion dealing with the past they would invite respectful attention of Government and would like to know what provision, if any, Government have made to prevent any recurrence of mistakes of this kind, viz, of hasty launching out of schemes out of borrowed public funds based on miscalculated facts and without consultation with representative public men. They would also like to know whether Government have passed orders deprecating the undertaking by the State themselves of actual construction work instead of placing same on contract.

My Committee are very much concerned with regard to the future and fully endorse the conclusions with regard to the fixing of rents which are embodied in paragraphs 65 to 70 which are reproduced herein below:—

65 "The following table is instructive :—

	Original rents fixed by Department.				New rents proposed by majority at the instance of the De- partment.		Rents pro- posed by me in the Committee.	
	Ground floor.	First floor.	Second floor.	Third floor.				
	Rs A P	Rs A P	Rs A P	Rs A P	Rs A P		Rs A P	
Worli	... 9-8-0	10-0-01	0-8-0	10-8-0	6-8-0		3-0-0	
Naigaum	... 9-8-0	10-0-0	10-8-0	10-8-0	8-8-0		5-0-0	
DeLeslie Rd.	9-8-0	10-0-0	10-8-0	10-8-0	9-8-0		6-0-0	
Sewri	... 9-8-0	10-0-0	10-8-0	10-8-0	8-8-0		6-0-0	

"66 My object in proposing these rents was to begin at the other end. The standard, which induced me to propose these rents was the standard ascertained by Government machinery. The Bombay Labour Office after very careful enquiry had stated that the rents paid by the workmen in Bombay were from Rs. 3-8 to 5 and it was on the basis of these rents that most of the calculation as to the cost of leaving were made by them.

"67 Apart from that, it was clear that the higher rents were tried and could not attract a sufficient number of tenants. The idea that the population of the city has been diminishing since the last census, is one which I share, but it cannot explain the enormous number of vacancies in the Development chawls. If the claim that the chawls of the Development Department provide better housing in every respect than the slumps at present in occupation is true, then these chawls should have been filled up and if the population has gone on down it should have been the orthodox chawls under private ownership which would have remained vacant. In order to ascertain correctly what is wrong with chawls, the only remedy is to reduce the rents to the level which I have suggested.

"68 Mr. Baptista in the Committee has charged me with being a capitalist and therefore incapable of understanding the labours' standpoint. I am therefore, disappointed that Mr. Baptista has not cham-

pioneered the cause of labour by coming with me or writing separately a minute recommending the reduction of rents as low as I could. I think it is better to have a 95 per cent. occupation than a 95 per cent. vacancy. It is better that houses, which have been erected at a large outlay of public funds, should be used by human beings than that they should remain locked up. The standard of environment is going up everywhere in the world and posterity will never be able to understand or forgive any authority in Bombay who, having built these tenements on a plan, which they have claimed to be superior, have closed them up against occupation by the artificial barrier of high rents.

"69. At the same time in making the suggestion for lower rents, I have in mind that if the rents on the scale proposed by me are found unduly low, then after there has been full occupation for twelve months, it would be possible to gauge how far the rents can be increased without driving away the tenants. The more important thing in the housing enterprise of the Government is that people should occupy these houses. The deficit is already being made up from taxation to the extent of Rs. 15,00,000 a year. The Majority Committee suggest that the deficit will increase and further funds involving an additional sum of Rs. 6,50,000 would have to be found. It is possible that further occupation may reduce the amount of deficit, but should the deficit increase, as I fear it will by a few lakhs, the problem has got to be faced. If the Government of Bombay decline to face it in 1926, the Government of Bombay will have to face it in 1928, and it is not right for the Committee to ignore this aspect of the rent fixation. The rent should be fixed with the idea of achieving maximum public good of realising the humanitarian aspirations of the Government of Bombay when they launched out on this project. Sir Henry Lawrence has poohpooched the accountant's standpoint in doing large things for public welfare, and yet the Government of India in their policy in fixing rents for these development chawls in sticking on to the accountants' standpoint and I must say that they are doing that also very badly. What they are doing is, in order to show on paper a smaller deficit and thus save their prestige, they are fixing up higher rents and by doing so they are now directly responsible for the continuance of slums in the City.

"70. If 16,544 rooms were fully occupied at the rate of four person per room as it is desired, but at the rate of five per room as the Government originally calculated, about sixty-six thousand human beings could move into these chawls from where they are at present, presumably inferior and over-crowded locations with all the attendant evils of slums."

My Committee are not satisfied with the system of accounts in which a very large sum of more than Rs. 70,00,000 was written down from the cotton cess towards interest and other charges during construction; or of a scheme of accounts which shows a paper deficit lower than the actual deficit as it has been or as it might be. Nor can my Committee finally accept the proposition that there is no need for providing depreciation charges because sinking fund provision has been made. On this subject my Committee propose to address the Finance Department and the various local bodies separately.

In order not to discredit the undertaking of housing by public bodies in the interests of poor men, it is necessary that a final shape should be given to the housing scheme under the Development Department. Towards this purpose my Committee would suggest the adoption of the expedient already adopted by the Government themselves in the case of the Back Bay losses viz, of writing down a sum estimated to have been lost in these affairs. In order to reach this sum it would be necessary to secure a valuation of the chawls now in hand and such valuation can be either on the basis of replacement or on the basis of actual or anticipated rents. Any such basis which may be fixed, ought to be arrived at in agreement with the Bombay Municipality, who should be induced to take up these chawls at correct value.

It is not until this is done that the discussion of housing questions would be free from the realm of prejudice. It is essential for the welfare of the city not only that houses erected should be brought in full use by the poorer community for whom they are meant but also that the Government should abandon what they wrongfully undertook, viz, the construction and the management of housing. The management cannot be transferred to the Bombay Municipality or any other public body assisted by public men until the

finances are put on a rational basis which would be acceptable to the body taking over.

My Committee urge this transfer of management not only on the ground of inefficiency but also of excessive cost as they cannot understand why an outlay of Rs. 1,62,000 per year should be made for the recovery of rents which as pointed out by our representative in paragraph 54, have never exceeded up to the date of report the sum of Rs. 31,213 per month, i. e., Rs 3,64,456 per year gross amount without any allowance for irrecoverable arrears which have also been heavy. In the experience of estate management of owner of property in Bombay the outlay of about 50 per cent of the total rent recovered for management is unheard of. The concentration of management ought to lead to economy and the Government should therefore undertake immediately negotiations with the Bombay Municipality for handing over the remnant of their unfortunate housing enterprise.

My Committee are fully conscious that the writing down of those losses would mean a further permanent charge on the revenues of Bombay estimated by our representative at something like ten to fifteen lakhs of rupees, but there is no public object served in concealing this charge, and the sooner it is realised, the better it would be as it would strengthen the hands of the Bombay Government in their financial fight with the Government of India for securing the revision of the Meston Settlement.

No. S. D. 798. Bombay Castle, 5th May 1927.

From the Government of Bombay, Development Department to Chamber.

I am directed to reply to your letter No. G. 567, dated the 31st March 1927.

2. As regards paragraph 2 of your letter, I am to point out that the scheme was originally placed before the Legislative Council which passed in connection with it, the necessary legislation to amend the City of Bombay Improvement Act, 1893, and the City of Bombay Municipal Act, 1888.

I am to point out also that except some experimental construction by departmental agency at the outset, practically the whole scheme was carried out by placing contracts.

3 With reference to paragraph 3 of your letter, I am to invite your attention to Press Note No. S. D. 395, dated the 4th March 1927, in which further reductions in the rents for single rooms were announced, and to Press Note No. S. D. 663, dated the 14th April 1927, in which specially reduced rents were sanctioned for chawls let en bloc to large employers of labour, societies, institutions, etc.

4. With reference to paragraph 4 of your letter, I am to say that Government have nothing to add to their remarks in paragraph 8 of their statement appended to the Report on the Industrial Housing Scheme regarding the writing off of interest during construction and in paragraph 11 of the same statement regarding the absence of provision for depreciation.

5, The proposal in paragraph 5 of your letter is not understood. Any losses on the Housing Scheme will be met as they occur.

6. As regards paragraph 6 of your letter, the condition of transfer of the chawls to the Bombay Municipality is included in section 195.C of the City of Bombay Municipal Act, 1898, as amended by Bombay Act XX of 1920,

7. As regards paragraph 7 of your letter, I am to point out that your Committee's remarks appear to be based on the misapprehension that an outlay of Rs. 1,62,000 per year is now incurred for the recovery of rents amounting to Rs. 3,61,456. The sum of Rs. 1,62,000 is an estimate made some time ago of the expenses which might be incurred in managing the whole 207 chawls when they were fully tenanted. The estimate is under revision, but in any case expenditure to this amount is not incurred at the present time. The most recent figures are those for 1926-27 which show an actual expenditure on management of Rs. 71,922 and rental receipt of Rs. 5,19,518, so that the cost of management last year is 14 per cent of the receipts and not 50 per cent as calculated by your Committee.

8. The remarks of your Committee in paragraph 8 are apparently connected with those in paragraph 5 which have already been dealt with. I am to deny the suggestion that there is any concealed loss equivalent to a further permanent charge on the revenues of Bombay estimated at ten to fifteen lakhs of rupees.

No. G. 1520, 26th July 1927.

**From Chamber to the Government of Bombay
Development Department, Bombay.**

I am directed to acknowledge Government's letter No. S. D. 798, dated the 5th May, 1927, on this subject.

My Committee are glad to see that Government have seen the wisdom of successive reduction of rents as recommended by our representative on the Advisory Committee. That these reductions are not still adequate will be seen by the enormous number of vacancies which are still there. My Committee do not possess any information on this subject on account of the Government having for some curious and mysterious reason given instructions for the Advisory Board attached to the Development Department not to meet. The last meeting according to our information was held, after lapse of a few months, on the 5th of October 1926. I am directed to request Government to give reasons, if there are any for closing up opportunities of consultation and advice from that body through whose efforts errors of such magnitude have been disclosed. The request of this Chamber of the Development as a "Reserved" Department to come to an end and be merged with the Public Works Department has not been granted, and so long as the Department is in existence, the Advisory Committee attached to it in response to public opinion ought to be a live and operative body. If a Department was particularly efficient and there were no complaints about its working, indifference to the non-official consulting organisation attached to it might be intelligible, but in this case most of the errors of the past are due to dissociation with and distance from real

public opinion. My Committee cannot understand why advice is not being availed of from the Advisory Committee attached to the Development Department and why even reasonable information with regard to the activities of the Department is withheld from the members.

An instance of such information being withheld is seen from paragraph 7 of the letter under reply. The figures put in by our representative, Mr. Manu Subedar, in his Housing Report were based on facts in his possession up to a certain point of time. The Department, in attempting to refuse these figures, is now making use of facts which are in their possession subsequently but which have not been given to this Chamber or to its representative on the Advisory Committee. Such a procedure, my Committee consider unsatisfactory.

While my Committee are now prepared not to harp on the old errors, they are concerned with regard to the future. They would like to know whether the Government of Bombay are not convinced that something must be done to prevent the recurrence of schemes of magnitude of the Housing programme being conceived, sanctioned, launched out and mismanaged until huge losses become irretrievable as has been the case on this occasion. My Committee respectfully suggest that the constitutional issues involved in such large public funds being spent contrary to public opinion and without close consultation with elected representatives of the public, must be examined. As a matter of fact they anticipate that they have been examined by the Government of Bombay and the Government of India and the Secretary of State for India. If so, my Committee would like to know what constitutional safeguards have been suggested to prevent the recurrence of the executive Government committing the Province to large and wasteful outlays of the kind which have resulted from the inception and activities of the Development Department. My Committee would be surprised to hear that no such steps have been taken. If that is so, they would urge that the matter be examined by a small Committee of non-official members of the Legislature with power to co-opt.

My Committee trust that Government will not disregard this request as it would be extraordinary if the Government of Bombay were in their own interests to turn down a suggestion which will secure an increased weight to public opinion in extensive capital programmes of this kind.

I am further to inquire why the Advisory Committee, which was asked to report on the whole activities of the Development Department, has not been asked to make their recommendations on the suburban schemes of the Government of Bombay which also have involved great losses. These losses have been estimated by Government at seven and a half lakhs of rupees a year—a figure which appears to be an under-estimate. Whether this is so or not must be carefully probed into, so that any deficits in excess of this amount may not disfigure the budget of the Government for the following year.

No. 53-53 S. C. Bombay Castle, 25th August 1927.

**From the Government of Bombay Development
Department, to Chamber**

I am directed to reply to your letter No. G. 1520, dated the 26th July 1927.

2. With reference to paragraph 2 of your letter I am to invite attention to press note No. S. D. 1224, dated the 15th July 1927 explaining the circumstances in which the two Advisory Committees had ceased to function and in which they had been re constituted for the completion of the investigation into the suburban schemes.

3. As regards the middle portion of your paragraph 2, I am to explain that the transfer of the operations of the Development Department to the Public Works Department would make no difference to the circumstance that "Development" is a reserved subject in exactly the same way as "Irrigation" which is under the control of the Public Works Department.

4. With reference to paragraph 3 of your letter, I am instructed to state that in paragraph 7 of their letter No. S. D. 798, dated the 5th May 1927, Government merely pointed out the misapprehension which apparently existed regarding the figure of Rs. 1,62,000 per year as the annual outlay on the chawls. In explaining the misapprehension, they gave your Chamber the most recent actual figures available, and they fail to understand why your Committee should consider this procedure unsatisfactory.

5. As regards paragraph 4 of your letter in which you enquire what constitutional safeguards have been suggested to prevent wasteful outlays, I am to invite your attention again to paragraph 2 of Government letter No. S. D. 798 dated the 5th May 1927. All schemes involving expenditure will be subject to the scrutiny of the Legislative Council in the usual way.

6. The subject of the investigation of the suburban schemes referred to in the last paragraph of your letter has already been dealt with in paragraph 2 above.

No. G: 2352.

19th October 1927.

**From Chamber to the Government of Bombay,
Development Department, Bombay,**

The Committee of this Chamber have read with pleasure the recent Press Note of the Government of Bombay, Development Department, regarding the Industrial Housing Scheme.

Reductions of rents for the development chawls as announced therein, however, do not go far enough and they believe that if the same could still be lowered there is likelihood of these chawls being occupied sooner or later,

My Committee will be obliged if the Government will be pleased to inform them, in this connection, if they have got any information.

regarding overcrowding in any part of this City. If such information is available, it may be useful in determining which localities should be tapped for inducing people to take advantage of these chawls.

No. 141 S. D. Bombay Castle, 14th November 1927.

**From the Government of Bombay Development
Department to Chamber.**

I am directed to acknowledge the receipt of your letter No. G-2352, dated the 19th October 1927, regarding the Industrial Housing Scheme. Your Chamber is of the opinion that the rents for the Development Department chawls should be lowered further. In this matter, there appears at least to be room for a difference of opinion, as the Bombay Millowners' Association has separately represented to Government that there should be no further reduction of rents for the present. The existing position in the chawl areas does not warrant Government making a further reduction so soon after the large reduction made in April 1927. The Sewri chawls are now full. At De Lisle Road, there are only three vacant chawls and at Naigaum tenancies are still increasing, with the prospect of all the chawls being fully occupied within a reasonable period of time. In these circumstances, a further reduction of rents in these three areas would merely involve Government in a loss of rent without any corresponding advantage in the shape of increased accommodation of the working class. The only area, where the problem of filling empty chawls remains important, is at Worli; but here the supply of accommodation is, meantime, so far a head of the demand that the problem is not likely to be solved at once merely by reducing the rent below the already low figure of Rs. 5 per mensem.

2. Apart from the information contained in the administration report of the Municipal Commissioner for the City of Bombay, for the year 1926-27, volume 2, to which the attention of your Committee may be invited, Government have at present no special information regarding overcrowding in any part of the city. The Land

Manager draws the attention of the Municipal authorities from time to time to the existence of insanitary huts and uninhabitable houses, with a view to their removal and this practice will be continued.

APPENDIX 92.

Removal of Match Factory from Santa Cruz,

(*Vide Item No. 124 of Chamber's Report for 1926.*)

No. T. 2461, 9th December, 1926.

From Chamber to the Government of Bombay.

General Department, Bombay.

The attention of my Committee has been drawn by Messrs. N. Futehally & Co., a member of this Chamber, to the insistence of the Government of Bombay on the removal of their Match Factory from Santa Cruz on the expiry of their license in July 1927. My Committee are of opinion that such a removal will cause great inconvenience and loss to the factory concerned which they could ill afford in the present state of this industry. They understand that the owners of this factory have applied for a further extension of the present license in view of the inconvenience and loss above mentioned and also the fact that there is no complaint from the neighbourhood of this factory—operating as a nuisance, but my Committee are informed that Government do not see their way to give such extension.

My Committee will, therefore, be much obliged if Government will be pleased to inform them why they think it necessary to insist on the removal of this factory.

No. 65 A-1 (S. B.) Bombay Castle, 17th February 1927.

From the Government of Bombay, Development Department,
to Chamber.

I am directed to reply to your letter No. T-2461, dated the 9th December 1926,

2. In May 1922 the Salsette Development Officer was instructed by Government to grant permission to Messrs. N. Futehally and Company, for a period of three years only, for the erection of an experimental match factory of a temporary character.

3. Some of the circumstances in which this permission was granted were

- (a) the applicants desired to be in close touch with their Japanese workmen;
- (b) the employees were to be about 50 only;
- (c) once the experimental stage was passed, larger works would be required and these could be erected at some other place set apart as an industrial area.

These statements are quoted from applications made by the firm in 1922.

4. The experiment was a complete success. The firm were pioneers in manufacturing matches from imported splints and veneers and made very large profits. These were reduced by the duties introduced in 1924 but a large margin of profit was still left. The factory was increased beyond experimental limits and hundreds of work people have been employed for some years. The conditions surrounding the factory, if allowed to continue, will create a permanent slum area. These conditions have been, from time to time, the subject of complaints some of which have appeared in the press.

5. The removal of the factory will admittedly cause some inconvenience and expense to the owners but these were foreseen by them when they applied for permission to begin experimental operations at Santa Cruz. Government have no reason to believe that the expense, in view of the large profits already made by the owners and the circumstances in which they preferred to start on experimental lines at Santa Cruz, can be considered to constitute an undue hardship. As your Committee is aware there are suitable areas available elsewhere for an industry of this kind.

6. In 1925 the owner applied for an extension of the period of the original permission and, in order to obviate all reasonable cause

for complaint, Government allowed the factory to remain on the present site for a further period of two years from 1st August 1925 on the express condition that the owners undertook to remove to another site at the end of this period.

7. The application of the owners to which you refer in paragraph 1 of your letter under reference was not received by Government till 12th January or fully a month after the date of your letter.

No. G. 468 17th March, 1927.

**From Chamber to the Government of Bombay
Development Department, BOMBAY.**

I am directed to reply to your letter of the 17th February 1927 No. 65-A-I. (S.B.)

My Committee are surprised that Government are inclined to discount the argument with regard to the expense on the ground that there are "large profits already made by the owners". Just because a factory is progressing favourably it should not be penalised. The owners of the factory do not dispute the arrangement under which they were given a fresh lease. The circumstances, however, have changed greatly in that the development of the area surrounding the factory has now been stopped and there is no possibility in near future of all this area being taken up for residential purposes. There should be no objection, therefore, now to the continuance of the factory on its present site at least till the neighbouring sites are taken up for residential purposes.

My Committee agree that no slum area should be allowed to be created. It is not necessary, however, for this purpose to remove the factory but to exercise rigid scrutiny so that there may be no crowded buildings set up. While my Committee appreciate the desire of the Government to keep the suburbs free of nuisance which may arise from factories and slum areas, they find that Government themselves have only recently allowed the erection, on the most eligible plot near the Juhu foreshore, the factory for making bricks and tiles ! While the match-making factory of Messrs. Fatehally & Co.

is situated at a great distance from both Santa Cruz and Ville Parle villages as also from the main Ghodebunder Road, the proposed bricks and tiles factory which is going to be run by a non-Indian is put up on the main Juhu Road, where hundreds of men and women and children pass in search of fresh breeze and pure air. There is also another factory for making aluminium utensils near Ville Parle Village to which apparently there is no objection taken, so far as the information of my Committee goes. My Committee are given to understand that the owners of the Factory have offered, in order that a slum area may not be created, to carry any improvements in the sanitary condition of the factory, which you might suggest after inspection of the same.

In view of all these facts and in view of the fact that the match making industry is one of the new industries of Bombay, my Committee hope that Government will be pleased to allow the factory to remain in its present site.

No. 65-A/1 (S. B.) Bombay Castle, 7th June 1927.

**From the Government of Bombay Development Department
to Chamber.**

I am directed to reply to your letter No. T. G 468, dated the 17th March 1927, As the match factory at Santa Cruz has since been destroyed by fire, further discussion on the previous orders of Government appears now to be unnecessary. I am requested, however to correct one or two misapprehensions which appear in your letter under reply.

2. As regards the opening sentence of paragraph 2 of your letter, I am to say that, when the expenses of removing the match factory was put forward in your letter No. T. 2461, dated the 9th December 1926, as one of your Chamber's reasons for approaching Government, it seemed fair for Government to discount this argument by a reference to the large profits already made by the owners. The Committee of your Chamber comment on this reference by suggesting that "just because a factory is progressing favourably, it should not be penalised," I am to explain that the

action taken by Government was not in the nature of a penalty or punishment but in the public interests, and it was not taken "just because the factory had progressed favourably."

3. As regards the remaining portion of your paragraph 2, I am to state that the permission under which the brick factory near the Juhu foreshore has been erected will not be renewed after the end of 1928, I am to add that the permission was given to an Indian and the question whether the factory was to be run by an Indian or a non-Indian did not affect the Collector's action in granting it.

4. The reply to your Committee's letter was delayed pending a search for the papers relating to the origin of the factory at Ville Parle which have not yet been traced.

No. G. 1295 29th June 1927,

**From Chamber to the Government of Bombay
Development Department, BOMBAY.**

I am directed to reply to your letter No. 65, A-1 (S.B.) dated the 7th June 1927, regarding Match factory at Santa Cruz,

My Committee beg to point out that the view of the Government that as the match factory at Santa Cruz has been destroyed by fire further discussion on their previous orders appears now to be unnecessary is not correct. They are informed that the match factory has not been totally destroyed by fire, but that the least important portion of the same has been burnt. The proprietors of the factory have been able to recommence the work although on a smaller scale within a short time of the fire.

My Committee understand that the Government insist on the removal of the factory on the ground that the proprietors had promised last time to remove the factory after the expiry of the present lease. But the Government appear to overlook the fact that the circumstances under which the license was given have greatly changed in that the expected development of the area surrounding the factory for residential purposes has not taken place, and there is no immediate

ate possibility of that area being occupied for the same. Again a road 100-ft, in width which was proposed to be constructed within a hundred yards of the factory within a period of two years seems to have been abandoned. My Committee see no reason, therefore, why the Government should now object to renewing the license of the match factory.

In view of all these facts, my Committee hope that the Government will be pleased to allow the factory to remain in its present position. An early expression of the Government's intention to this effect will be much appreciated.

No. 65-A/1 (S.B.)

Bombay Castle 14th July, 1927.

**From the Government of Bombay Development
Department to Chamber.**

I am directed to acknowledge the receipt of your letter No. G, 1295, dated the 29th June 1927, regarding the match factory at Santa Cruz and to state that an extension of the period of the original permission in connection with the factory was granted in 1925 on the express understanding that the owners would remove the factory to another site on the expiry of the period, which terminates on the 31st July 1927, Government regret that they are unable to reconsider their decision not to allow a further extension.

No. 65-A/1 (S.B.)

Bombay Castle 9th August, 1927,

**From the Government of Bombay Development
Department to Chamber.**

I am directed to refer to Government letter No. 65-A/1 S.B. dated the 14th July 1927, regarding the match factory at Santa Cruz and to forward herewith for the information of your Chamber a copy of a letter dated the 26th July 1927 received from Messrs. Futehally and Company, and the Government reply thereto No. 65-A/i/S.B. dated the 18th August 1927,

ANNUAL REPORT OF THE

(copy)

Bombay 26th July 1927,

To, R. D. Bell, Esq I. C. S. Secretary to Government,
Development Department, Bombay.

Sir,

Removal of Match Factory from Santa Cruz,

With reference to the interview that Mr. Habib Ismail had with you this morning on the above subject, we have the honour to request you to be good enough to extend the license of the above factory, until such time, as the report of the Tariff Board on the match industry in India may be published. We shall then be in a position to decide if it would be worth our while to continue the business or not and in the former case we would undertake to remove the factory from its present site within such time as may be considered reasonable by you for the process of removal. Thanking you for the very great consideration shown to us in this matter.

We have the honour to be,

Sir,

Your most obedient servants,

(Sd.) Illegible,

(N. Fatehalli & Co.)

(copy)

No. 65-A/1 (S.B.)

DEVELOPMENT DEPARTMENT

Bombay Castle, 19th August 1927.

From H. St. C. Smith, Esquire,

Deputy Secretary to the Government of Bombay,
Development Department.

To,

Messrs. N. Fatehalli and Company,

19, Bank Street,

Bombay.

Subject:—Extension of the license for the
match factory at Santa Cruz.

With reference to your letter dated the 26th July 1937 requesting that the license for the match factory at Santa Cruz may be extended I am directed to state that Government have been pleased to hold in abeyance the orders for the removal of the factory from its existing site, pending the decision of the Government of India on the Tariff Board's report on the match industry. They have accordingly sanctioned an extension of the license in question for a period of six months, in the first instance, with effect from the 1st August 1937 and will be prepared to grant a further extension if the decision of the Government of India in the matter is not known by that time. The company will have to make arrangements for the removal of its factory to another site within a period of three months after the decision of the Government of India is known.

I have the honour to be,
Gentlemen,

Your most obedient servant,

(Sd.) H. St. C. SMITH,

Deputy Secretary to the Government
of Bombay, Development Department.

APPENDIX 93

Certificate of freedom from disease for Hides and Skins.

No. 6331 O. I.-O, Calcutta, the 6th July, 1927.

From The Director-General of Commercial
Intelligence and Statistics to Chamber.

As a result of the detection of anthrax bacilli in certain skins of Indian origin, the question has been raised by the United Kingdom authorities as to what further measures can be taken by shippers in India to ensure that as far as possible consignments of hides and

skins intended for the United Kingdom are free from anthrax. It has been suggested that the examination of each consignment prior to shipment by a qualified veterinary officer who would furnish a certificate to the effect that the goods are free from anthrax, such as is at present, I understand, being furnished in the case of shipments to Spain, would be an effective means of reducing the risk of infection from this source.

2. I am to enquire whether the members of your Chamber interested in the export of hides and skins see any objection to the adoption of this measure.

No. G. 1602 3rd August 1927.

From Chamber to the Director General of Commercial Intelligence & Statistics India, Calcutta.

With reference to your letter No. 6331, O.I.E., dated 6th July 1927, I am directed by my Committee to enquire as to the probable amount of total annual expenditure that will have to be incurred for the proposed examination of each consignment prior to shipment by a qualified Veterinary Officer. They would also like to know what arrangements are made to meet the said expenditure. On receipt of this information, my Committee will communicate their view to you on the question under reference.

No. 7583 Calcutta, the 10th August 1927.

From The Director-General of Commercial Intelligence and Statistics to Chamber.

With reference to your letter No. G. 1602 of the 3rd instant I write to say that the proposal contained in my previous letter is a tentative one and is intended to meet the requirements of the United Kingdom and the other importing countries who may find it necessary to adopt the procedure as a precautionary measure.

The expenditure would depend entirely on the figure at which your Chamber were able to secure the services of a qualified

veterinary officer, and you would no doubt be able to meet this by levying fees in connection with the certification of each consignment as is already being done in the case of certain destinations by the Southern India Skin and Hide Merchants' Association Madras.

No. G. 1823, 24th August 1927.

From Chamber to the Director General of Commercial Intelligence & Statistics, India, Calcutta.

With reference to correspondence ending with your letter No. 7583, dated the 10th August 1927, I am directed to inform you that my committee will be glad to issue certificates of freedom from disease for hides and skins exported to the United Kingdom as desired by you. The necessary arrangements will be made to due course to undertake this work.

No. 8179 C. I.,-C Calcutta, the 1st September 1927,

From the Director-General of Commercial Intelligence and Statistics to Chamber.

I write to acknowledge, with thanks, the receipt of your letter No. G. 1823 of the 24th instant on the above subject.

APPENDIX 94.

Scale of fees for Private Analytical work done by Chemical Analyser to Government.

(Vide item No. 103 of Chamber's Report for 1923.)

No. G. 118 21st January 1927.

From Chamber to the Government of Bombay, General Department, Bombay.

With reference to the correspondence ending with my letter No. T. 1053, dated the 4th May 1926, I am directed by my Committee to request that you will kindly let them know what steps have

been taken or are proposed to be taken by Government in the matter referred to therein, at your early convenience.

No. 3701-1006-B, Bombay Castle, 28th January 1927.

**From the Government of Bombay General Department
to Chamber.**

I am directed by the Government of Bombay (Transferred Departments) to refer to your letter No. G. 118, dated the 21st January 1927, on the subject mentioned above, and to say that the matter is still under the consideration of Government.

No. S. 734 11th April 1927,

**From Chamber to the Secretary Government of Bombay
General Department Bombay.**

My Committee were informed by you in your letter of 28th January 1927, No. 3701-1006-B, that this matter was still under the consideration of Government. The excerpts from the proceedings of the Committee of the Bombay Chamber of Commerce during the month of February 1927 have got the following paragraph:—

“In February 1927, the Government of Bombay forwarded to the Chamber a copy of a table prepared by the Surgeon-General with Government of Bombay, showing the rates of fees at present charged for private analytical work done at the laboratory of the Chemical Analyser to Government, Bombay and those proposed by the Surgeon General to be levied in future. Government requested the views of the Chamber as to the suitability of the latter rates.”

My Committee cannot understand why the views of only the Bombay Chamber of Commerce were invited on a question in which they have also been taking a good deal of interest and with regard to which they have sent some reminders to Government already. They will be much obliged if Government will be pleased to let them know the reasons for such a step and to favour them with a copy of the letter addressed by them to the Bombay Chamber of Commerce,

No. 3701/4914/B.

Bombay Castle, 6th May 1927.

From the Government of Bombay General Department
to Chamber.

With reference to your letter No. G/734, dated the 11th April 1927, on the question of the fees for private analyses to be charged by the Chemical Analyser to Government, I am directed by the Government of Bombay (Transferred Departments) to say that the reason why the Chamber of Commerce only was consulted last February was that the Chemical Analyser to Government had quoted rates suggested by that Chamber and that Government decided to have them confirmed by it.

2. I am now to forward herewith a copy of a table prepared by the Surgeon General with the Government of Bombay showing the rates of fees at present charged for private analytical work done at the laboratory and those proposed by him to be levied in future and to request you to favour Government with the views of your Committee on the suitability of these rates.

	Present charges at this Labo- ratory.	Suggested new scale,	
		Chemical Analyser.	Assistant Chemical Analysers.
Potable water ...	30	30	22 8
Water for boiler purposes ...	35	50	37 8
Mineral oils lubricating complete .	30 to 40	50	37 8
Mineral oils Flash Point only ...	15	25	18 0
Vegetable oils with calorific value.	100	125	100 0
Paints complete ...	30	50	37 8
Dry colours and pigments ...	30	30	22 8
Mineral ores quantitative ...	50	25 per	18 per
		constituent 100 for full.	constituent 75 for full.
Tallow and other sizing material.	30	35	25 0
Coal proximate Analyses ...	30	30	22 8
Coal calorific value (Bom) ...	100	60	45 0
Oilcakes complete with Castor			

		Present	suggested	new scale.
		charges at	Chemical	Assistant
		this Labo-	Analysers-	Chemical
		ratory		Analysers.
seeds	...	30	30	22-8
Oilcakes	Oil albuminoid and sand ,	30	24	18 0
"	for Nitrogen only ...	30	15	15 0
"	oil and albuminoids...	30	20	15 0
Bonemeals (manures)	...	30	35	25 0
"	for Nitrogen only ...	30	15	10 0
Manganese ore commercial				
analysis	...	50	60	45 0
"	manganese only ...	30	24	18 0
Lime Cements	chemical analyses ...	30	50	35 0
Soap complete	...	30	50	37 8
Alloys per constituent	...	30	20 per cons,	15 0
Textiles complete	...	30	15 " "	12 8
Sulphate of alumina and other				
chemicals	...	30	30	22 8

No. G. 1867 26th August 1927.

**From Chamber to the Government of Bombay General
Department, BOMBAY.**

With reference to your letter No. 3701/4914/B, dated 6th May 1927 re: above, I am directed to inform you that my Committee have carefully considered the table prepared by the Surgeon General with the Government of Bombay showing the rates of fees at present charged for private analytical work done at the Laboratory and those proposed by him to be levied in future. They are sorry to observe that the scale of fees suggested by the Surgeon General is much higher than one prevailing at present and as such will decidedly constitute a burden on the commercial community, who have so often got to procure certificates of analyses of different articles from the Government Chemical Analysers. The present scale of fees even compares in some cases very unfavourably with that fixed by the local Municipal Chem-

ical Analysts. But while my Committee do not desire to press for any reduction in the present scale, they are strongly opposed to any increase in the scale of fees as suggested by the Surgeon-General with the Government of Bombay,

It is hoped that the Government will appreciate this view-point and not allow the suggested scale of fees being put into force.

APPENDIX 95.

Demand for the Commercial size Postal Envelopes. From the Director General of Posts and Telegraphs to Chamber.

No. 33-R 24, Dated, Simla, the 5th July 1927,

It has been brought to the notice of the Director General that there is little demand for the Commercial envelopes—measuring 6 x 3½ inches sold by the Post Office vide clause 5(1) of the Post and Telegraph Guide and that the withdrawal of extra charges levied on them on account of cost of stationery has had no effect on their sale.

2. The Director General will be obliged if you will favour him with an expression of opinion whether the manufacture of these envelopes may be stopped and if such a course, is not considered advisable whether you will take steps to encourage a larger use of these envelopes by trading firms and Commercial houses.

No. G. 1426 14th July 1927.

From Chamber to the Director-General of Posts & Telegraphs, SIMLA.

Your letter No. 38-R 24 dated 5th July 1927 re above was considered by my Committee at their meeting held yesterday.

I am directed in this connection to bring to your notice the fact that the generality of the commercial community do not appear to be aware of the existence of the envelop of this type. My Committee

believe that if proper methods are taken by the Postal Department to get these envelopes introduced among the trading firms and commercial houses, suitable response will be forthcoming and there will therefore be no need of discontinuing the manufacture of the same,

I am therefore directed by my Committee to request you to carry on such publicity propaganda as may attract the attention of the commercial public to these envelopes. Their size, texture and general appearance are like those of ordinary commercial envelopes and this fact combined with their price being one anna should appeal to the community at large. My Committee will be willing to co operate with the Government in making these envelopes popular.

No. G, 2040 13th September 1927,

From Chamber to the Director General of Posts & Telegraphs, SIMLA.

With reference to the correspondence ending with this Office letter No. G. 1426, dated 14th July 1927, re: above, my Committee will be much obliged if you will be good enough to inform them of the Government's decision regarding the same, at your early convenience.

From The Director General of Posts and Telegraphs to Chamber.

No. 262-Post. C/27 dated New Delhi, the 18th October 1927.

With reference to your letter No. 2042, dated the 13th September 1927, I am directed to say that the matter is under consideration and a further communication will be sent to you as soon as a decision is arrived at in the matter.

APPENDIX 96

Levy of fees for Electrical Inspection in Factories.

No. G, 1307, Bombay, 29th June 1927.

**From Chamber to the Government of Bombay,
General Department, Bombay.**

The attention of the Committee of this Chamber is drawn to the fact that the Government of Bombay have since 1st January 1927 imposed certain heavy charges for the service of Government Electrical Inspectors. When the rules regarding fees, for inspection, etc., were first published in May 1925, they understand that the Bombay Millowners' Association had strongly criticised the same on the ground that inspection of electrical installations in mills and other factories was already carried on by Electrical Inspectors of the Bombay Fire Insurance Association and that the mills had already to pay heavy fees to the Fire Insurance Association in connection with these inspections. It is a matter of regret that the Government of Bombay in spite of this protest thought it desirable to fix a heavy scale of fees for electrical inspection in factories. My Committee find from the Government Order No. 9407 of the 15th November 1926 as published in the Bombay Government Gazette of the 15th November 1926 that the fees fixed for the inspection in Clause A are too heavy for the work of inspection, which ordinarily does not take more than a few hours of the inspector's time. They also find that whereas the scale provides for a fee of Rs. 20 for a capacity of 50 to 100 K. W., there is a sudden disproportionate jump to Rs. 150 for the next step in capacity viz : 100 to 500 K. W.

My Committee understand that there is a fairly large number of factories or works with electric motors or a capacity of between 100 to 500 K. W. which are obliged to pay Rs. 150 in the present depressed condition of industries.

Clause D (1) requires the same factory to pay another fee of Rs. 100 even if there is connection for one light on the premises which, in the opinion of my Committee, is an absurd charge.

My Committee believe that the intention of the Government in fixing such a high scale of fees cannot be of making profit out of the inspection. The present state of industries in this City is far from satisfactory and any impediments in the nature of these fees would decidedly hamper them. At a time when the Cotton mill industry of the City has to struggle for its very existence, the Government of Bombay should atleast have given a relief to it though so small and meagre in this direction.

In view of the facts abovementioned, my Committee hope that the Government of Bombay will be pleased to revise the present scale and reduce the inspection fees so as to accord the much needed relief to the local factories and mills,

No, 145, 19th January 1928,

**From Chamber to the Government of Bombay, General
Department BOMBAY.**

I am directed to draw your attention to this office letter No. G 1307 dated 29th June last and two subsequent reminders dated 11th August and 5th September 1927 respectively and to state that no reply is received except an acknowledgement. My Committee will be much obliged if the Government will be pleased to send an early reply to the same.

No. 940 M.

Bombay Castle 9th February 1928,

**From the Government of Bombay Public Works
Department to Chamber.**

With reference to your letter No. G, 1307, dated 29th June 1927 and subsequent reminders, I am directed by the Governor in Council to inform you that the scale of fees set forth in Government Notification No. 940-I dated 15th November 1926, is being revised in view of the objections and the representations received and that the revised scale will be notified shortly,

APPENDIX 97.

Amendment in the Bombay Electoral Rules.

No. 1363 Bombay Castle, 7th April 1927.

**From The Government of Bombay Legal
Department to Chamber,**

I am directed by the Governor in Council to state that under rule 7 of schedule II of the Bombay Electoral Rules a person is qualified as an elector for a Commerce and Industry Constituency if his name is entered in the list of members, for the time being in force, of the Association forming such constituency, or if he is entitled to exercise the rights and privileges of membership on behalf of and in the name of any firm or Company or corporation entered in such list of members. An individual merchant, or, in the case of a firm, company or corporation the partner, usually the senior partner, of such firm, company or corporation is accordingly registered in the list of voters of such constituency. The result is that an amendment of the electoral roll becomes necessary each time that such partner is unable to exercise the rights and privileges of membership on behalf of and in the name of such firm, company or corporation. This entails delay and waste of time and money which might well be avoided, as the procedure prescribed by the Electoral Rules and Regulations has to be observed on each occasion. This is particularly noticeable in the case of firms managed by European partners who have got to go on leave and are therefore, from time to time, unable to vote or to stand for election in the constituency. The difficulty has been more noticeable of late and the Association has often remained unrepresented at a session of the Bombay Legislative Council because the person qualified under the Electoral Rules could not be brought on the roll in time. It would appear that an amendment of rule 7 of schedule II of the Bombay Electoral Rules is, therefore, required and that the difficulty pointed out above would be obviated if the rule was so amended as to provide that in the case of any firm, company or corporation entered in the list of member of an Association forming a Commerce and Industry Constituency any partner should be qualified as an elector for the Constituency, and not the senior or registered partner only.

It has also been suggested that the difficulty mentioned above would be sufficiently met—

- (i) if the electoral roll gives the names of a fixed number of representatives (say three) of each firm; or
- (ii) if the electoral roll gives the names of firms, each firm casting one vote through an agent, the qualification for a candidate being that he should be one of the persons authorized by any firm on the roll to take part in the business of the association, Rule 6 (2) of the Bombay Electoral Rules so far as it applies to Commerce and Industry Constituencies should then be repealed,

It has been further suggested that the system of voting by post which is followed in connection with elections for the Council of state might prove to be convenient for the Commerce and Industry Constituencies,

3. I am accordingly directed to request you to favour Government with your opinion on the points detailed above,

No. G, 966 11th May 1927.

**From Chamber to the Government of Bombay
Legal Department BOMBAY.**

With reference to your letter No. 1363, dated 7th April 1927 regarding the above, I am directed by my Committee to send hereby their views on the same.

My Committee have carefully considered all the three proposals of the Government regarding the amendments in the Bombay Electoral Rules. They may state that they have so far not experienced any of the difficulties mentioned by the Government in connection with the preparation of the Electoral Roll. They, therefore, do not favour any alteration in Rule 7 of the Schedule II of the Bombay Electoral Rules. My Committee, however, think that if the electoral roll of a Commerce and Industry Constituency is not to be closed two months

before the election date most of the alleged difficulties will disappear. They, in this connection, suggest that the Electoral Roll of such a constituency should be closed only a fortnight before the election date.

As regards the suggestion of voting by post, my Committee are strongly opposed to the same, as it will give rise to serious complications.

APPENDIX 98.

Encouragement to Indian Insurance Companies

Circular.

Bombay, 10th October, 1927.

From J. K. MEHTA, Esq., M. A., Secretary,
Indian Merchants Chamber, to All
Members of the Chamber.

Dear Sirs,

The Secretary to the Indian Insurance Companies' Delegation had addressed a letter to the Chamber appealing to the Committee to request all members of the Indian Merchants' Chamber to place their Fire, Marine, Motor Car and other Classes of Insurance with Indian Insurance Companies.

The letter from the Indian Insurance Companies' Delegation was considered by the Committee of the Chamber at their meeting held on the 6th September when it was resolved that a circular in terms of the request made by the Indian Insurance Delegation be issued to the members of the Chamber.

In accordance with the said resolution this circular is being issued to all the members of the Chamber. The Committee hope that our members who represent the important trade and commerce of India will make it a point to place their insurances with Indian Insurance Companies as far as possible.

It may be stated here that several countries were neglecting the Insurance line as a whole until 30 or 40 years ago. But during the

last decade or two almost all progressive countries have established their own Insurance Companies with Capital belonging to their own nationals and manned entirely by the nationals of the respective countries. These Companies have been able to get the bulk of the Insurance business of their own country because of the patriotic and loyal support given to them by their own countrymen. Many countries which were formerly handing over insurance premiums to foreign institutions, have, during the last 20 years, been able to retain very often 90 per cent of the insurance premium in their own countries. The feeling towards making the Insurance business a national industry is very prominent to-day throughout the world. India has not been slow to absorb this atmosphere. For the large amount of money that our merchants are paying every year in the shape of Insurance premium, there is scope in this country not only for the existing insurance companies but for several more. But what is required to-day is an effort on the part of our own capitalists, property owners, industrialists and the mercantile community to think of Indian Insurance Companies whenever insurances have to be placed. After all, Indian Insurance Companies expect to get support only from the Indian community.

It has been said of the people of Scotland that they are a very clannish race. They stand by Scotland and Scotch Insurance Companies and will not break from them for any consideration. The Germans also have been said to prefer to insure in their own companies and it is the opinion of one of the leading Canadian Insurance officials that no British, Canadian or American Insurance Company can get any profitable business from Germany because of the ardent patriotism of the Germans for everything German. The patriotism of the Britisher is proverbial and he will never go outside British Interests.

India is, however, an open country for any and every foreigner to come and do what he likes. It is unfortunately the case that many of our people have a tendency to patronise these foreign institutions without even giving so much as a thought to their own national institutions. Whether it is a Continental, French, German, American or Swiss Insurance Company, all that it has to do is to appoint an Agent

in this city and it is not difficult for them to get business from our own people. The Companies cannot exist in our midst even for 24 hours if the support that is given by the Indian Community is withdrawn. There is no law in India calling upon any foreign Company or a foreigner to put deposit as security for policy-holders. There is no restriction at all placed in the way of a foreigner or a foreign Insurance company to open business in this country and with what result ! The more the foreign Companies are permitted to open up agencies in this country, the more is the competition for the little business that there is in our country. After all, how will India be benefited if even the little wealth that she has, is taken away by foreign Companies in the shape of premium paid by our own people. The retaining of this amount which has been estimated to be at least 10 crores of rupees rests entirely in the hands of Indian trading community and if only they will realise their responsibility to their own institutions the day will not be far off when the existing Indian Insurance Companies would become a real power in the economic life of the nation and it would pave the way for the creation of a number of new Indian Companies with consequent increase in the wealth of the country and employment to a large number of our countrymen.

The Committee hope that the members of the Indian Merchants' Chamber will respond to the appeal of the Indian Insurance Companies and show by practical example that they have the interests of the Indian Insurance Companies at heart.

Yours faithfully,

J. K. MEHTA.

Secretary.

APPENDIX 99.

**Employers' Delegate and Advisers for the
11th International Labour Conference to be held
at Geneva in 1928.**

**Government Press Note re--International Labour
Conference.**

Simla, September 9.

The Government of India have been informed that the eleventh session of the International Labour Conference will be held at Geneva in 1928. The exact date will be notified later. The items on the formal agenda of the session are. 1. Minimum wage fixing Machinery 2. Prevention of industrial accidents, including accidents due to coupling on railways. Under the new double discussion procedure which came into operation for the first time at the tenth session of the conference, there will be a final discussion on the first item and a first discussion on the second. The election of the governing body will also take place at this conference.

The representation of each state should include four delegates of whom, two will be Government representatives, one a representative of employers, and one a representative of labour. The right of nominating all delegates rest with Government but in selecting delegates for employers and labour the Government of India will attach importance to the recommendations made by the organised representative associations of employers and employed.

All suggestions as to nomination of non-Government delegates should reach the Secretary to Government of India in the Department of Industries and Labour at the earliest possible date, and in any case not later than 1st January 1928, in order to enable Government to make the selections to report them to the International Labour Office, to make adequate arrangements for the journey of the delegates. Allowances, (on a scale which can be ascertained by application to the Department of Industries and Labour) will be granted by Government to defray the expenses of delegates finally nominated.

No. G 2360 20th October 1927.

**From Chamber to the Government of India
Department of Industries and Labour
SIMLA.**

With reference to the Press Communiqué dated Simla, the 9th September 1927, on the above, I am directed to inform you that my Committee have nominated Mr. Narottam Morarji of the Scindia Steam Navigation company, Ltd., as the Employers' Delegate to the above Conference, and the following gentlemen as Advisers:--

1. Mr. Debi Prasad Khaitan.
2. Mr. P. Mukherji, President, Punjab Chamber of Commerce,
3. Mr. Shanmukham Chetty, M.L.A.
and
4. Mr. Kantilal M. Desai, Secretary, Burma Indian Chamber of Commerce, Rangoon.

My Committee hope that the above nomination of theirs will meet with the approval of all the Indian employers and that the Government of India will be pleased to nominate Mr. Narottam Morarji as Employers' Delegate for the eleventh session of the International Labour Conference and the other gentlemen as Advisers to him.

APPENDIX 100

**Surtax on Solicitor's fees and Compulsion to engage two
Counsels in all long causes of over Rs. 5000.**

No. G. 2692 15th November 1927.

**From Chamber to the Prothonotary and Registrar
H.M.'s High Court of Judicature BOMBAY.**

The cost of litigation in the High Court of Bombay, particularly on the Original side, has been engaging the attention of my Committee for a number of years past, and particularly at the present

juncture, when there is an abnormal depression in trade, this question has become of urgent necessity. I am, therefore, directed to address you on the subject hereby with a request that you will be so good as to place this letter before Their Lordships the Chief Justice and the Judges of H.M.'s High Court of Bombay.

The scale of charges in connection with litigation on the Original side of the High Court has always weighed heavily on the litigating public of Bombay, with the result that a large number of them, particularly in suits involving less than Rs. 10,000, are practically shut out from exercising their legitimate right to come to the principal Court of Justice to get their grievances redressed and living and legitimate claims satisfied owing to increased cost of consequent increased salaries to staff in the year 1920. Their Lordships were pleased to formulate Rule No. 535-A; (making the same applicable in respect of business done after 1st July 1919) whereby an addition of 33-1/3 per cent to the total amount of the bills prepared on the original scale was permitted to be made. My Committee submit that what ever might have been the considerations which might have guided Their Lordships to permit of this addition, the circumstances have of late entirely changed. The expenses by way of rent, stationery, salaries and wages to clerks and servants, have all considerably come down in the scale as compared with that which prevailed in the years 1919 and 1920. Under the circumstances, my Committee invite their Lordship's sympathetic attention to the hardship caused by this scale and request that as a first step this extra charge of 33-1/3 per cent be abolished at an early date.

With respect to fees chargeable on the footing of the scale in force prior to 1919 also, my Committee are of opinion that the same is extravagant. Bombay is no doubt a business City, but in spite of that fact its wealth and prosperity cannot, in any particular, be compared to that of London and therefore, my Committee are of opinion that any scale which has for its basis the scale of fees in force in the High Court of London is bound to prove too costly for a poor country like India. It is, therefore, submitted that the old scale of fees should also be revised with a view to bring about an appropriate reduction particularly with regard to suits involving as take under

Rs. 10,000. The adoption of this course will, in the opinion of my Committee, not only relieve the litigating public, but will also help the younger firms of solicitors, whose assistance will be available to the commercial public in case the older firms are not inclined to accept work on the footing of this specially lowered scale, particularly in case of suits under Rs. 10,000. This will also in some measure mitigate the hardship which the litigating commercial public have always felt in absence of a special City Court where suits under Rs. 10,000, could be tried and it is submitted that this lower scale may be kept in force until such time as it is possible to have the establishment of a City Court in Bombay.

My Committee also beg to bring to their Lordships' notice the fact that the litigants are compelled by the High Court rules in all long causes of over Rs. 5,000 to engage two counsels and pay double the fee. They regret to have to state that this compulsion is not only a hardship, but that considering that the litigating public never get the benefit of the assistance of one of these two counsels at the trial, some remedy should by their Lordships be found with a view to compel them to be present. My Committee, therefore, suggest that the taxing master should be instructed not to allow fees of two counsel in suits where only one has actually appeared at the trial. In other words, if two counsels are to be compulsory, my Committee suggest that it should also be ruled that both must be present at the trial during the material part of it with a view to give their services in return for the fees they expect the client to pay. My Committee submit that the principle involved in the rule such as the one stated above is in conformity with the rules of practice in force in the High Court in England and that it is also in accord with the most elementary principle of equity and good conscience.

No. 1271 of 1927.

Bombay 13th 1927.

From the Acting Prothonotary and Registrar, O. J.

H.M.'s High Court Bombay to Chamber.

With reference to your letter No. G. 3014 dated the 10th Instant, inviting a reference to your letter No. G. 2692 dated 15th

November 1927, on the subject of the scale of fees charged by Attorneys, I have the honour to inform you that the subject is under consideration.

APPENDIX 101

Invidious clause in the Fire Insurance Tariff of the Calcutta Fire Insurance Association.

No. G 2940 29th November 1927.

From Chamber to the Calcutta Fire Insurance Association Calcutta.

The attention of the Committee of this Chamber is recently drawn to one of the clauses in the Fire Insurance Tariff of your Association laying it down "that no cover be issued to any native, i. e., Hindu or Mahomedan until the premium shall have been paid and that no risk shall commence until date of payment, etc." I am directed by them in this connection to request you to inform them whether the clause mentioned above appears or not in your Tariff clauses. If it is a fact, my committee regret to observe that it is an invidious clause which requires to be expunged from your Tariff clauses immediately. The words: "native, i. e., Hindu or Mahomedan" used in the clause are, my Committee are constrained to observe insulting and have even been tabooed by the Government. The Indian commercial community is one of the biggest patrons of the Insurance business and it is really insulting to them to accord such a differential treatment. The Clause invidiously points out that Indians cannot and should not be trusted and my Committee are sure that your Committee will, kindly expunge it as their attention is drawn to it hereby.

No. 2581-F. Calcutta 7th Dec. 1927.

From the Calcutta Fire Insurance Association to Chamber

With reference to your letter dated 29th November 1927 I am directed to inform you that the attention of my Committee has already been drawn to the condition referred to and the matter is now receiving their consideration,

APPENDIX 102.

Appointment of Mr. W.O.A. Young as Mechanical Engineer (Electric) by the Bombay Port Trust,

No. G. 2823, 28th November 1927.

**From Chamber to the Government of Bombay
General Department, Bombay.**

I am directed by the Committee of this Chamber to draw attention of the Government to the following facts in connection with the appointment of Mr. W. O. A. Young as Mechanical Engineer (Electric) by the Board of the Bombay Port Trust. It appears that Mr. E. G. Bowers, Assistant Mechanical Superintendent (Electric) sent in his resignation from the services of the Trust with effect from 31st December 1927, consequent on his appointment as Mechanical and Electrical Engineer to the Madras Port Trust. He recommended that Mr. W. O. A. Young, Assistant Mechanical Superintendent, be appointed to act as Assistant Mechanical Engineer (Electric) from 31st December 1927. Mr. Young came under the retrenchment scheme and his post was going to be abolished and as there was no suitable vacancy that could be offered to Mr. Young, the Trustees had decided that his services should be dispensed with. He was in the grade of Rs. 750—850, and the new proposal was that he should be appointed in the vacancy created by the resignation of Mr. Bowers on his present rate of pay plus free quarters and that he be confirmed in the appointment from 20th January 1928 on Rs. 900 per month, this salary rising to Rs. 1000 by annual increments of Rs. 50. When this question came before the Committee of the Port Trust they sanctioned the Chief Engineer's proposal with regard to the appointment of Mr. Young, Mr. L. R. Tairsee and Mr. Meyer Nissim dissenting, who said that applications by advertisements should first be invited. When the question came before the regular meeting of the Board all the five Indian Trustees who were present were opposed to the appointment on the ground that such appointments should be made only after advertisements were inserted in the public press. My Committee are surprised to find that a gentleman

whose services were going to be dispensed with on the ground of re-trenchment should have been considered eligible for getting a leap at once in his salary of Rs. 150 per month. Even this increment would not have been objected to however, if Mr. Young was the best available person. My Committee are sure that Indians with, perhaps even better qualifications could have been found probably on a lesser salary if proper efforts had been made by advertisements in the Press. My Committee have been obliged to draw the attention of the Government even in the past to the slow pace at which Indianisation of the Port Trust Service is going on. A good number of Indians experts in Electrical Engineering, can be found on perhaps even a lesser salary. When such Indians are available the Port Trust argue that the proviso with regard to Indianisation should not be construed in this wise and when there are vacancies in the pilot Service or any other like service the argument is that trained Indians are not available, with the effect that Indians are excluded whether on one ground or another. My Committee beg to emphasise that all the five Indians Trustees were opposed to the appointment of Mr. Young, This goes to substantiate the contention made by my Committee in their interview with the Honourable Member for General Department on 17th February 1927 that unless there was a clear Indian majority on the Board of the Port Trust the solution of the question of Indianisation of Port Trust Service would not be easily found.

My Committee trust that Government will be pleased to make enquiries with regard to the appointment of Mr. Young and to veto it if they are convinced that it went against the principle of Indianisation of Port Trust Service.

No. 93270-M, Bombay Castle, 19th April 1928.

From the Government of Bombay, Marine
Department to Chamber.

With reference to your letter no. G-28-23, dated the 23th November 1927, regarding the appointment of Mr. W. O. A. Young as Mechanical Engineer (Electric) by the Trustees of the Port of Bombay, I am directed by the Governor in Council to observe that except

in the case of the Officers mentioned in Section 24 of the Bombay Port Trust Act the Trustees have full powers of appointment and promotion and that Government could not interfere with the appointment of Mr. Young as the law stands.

APPENDIX 103.

Changes in rules for the working of Trunk Line Telephones
No. G. 2322, 28th November 1927.

**From Chamber to the Director General of Posts
and Telegraphs DELHI.**

I am directed by the Committee of this Chamber to address you in connection with some changes they want to suggest with regard to the rules for the working of Trunk Lines Telephones.

My Committee find from the Brochure No. 56 of the International Chamber of Commerce, for the week 27th June to 2nd July 1927, that conversations exceeding 3 minutes are now charged per minute extra instead of by units of 3 minutes. Conversations in this country are charged, however, for a unit of 3 minutes and if the conversation exceeds 3 minutes a charge is levied for another unit of 3 minutes and not for any portion thereof. My Committee suggest that the charge here for extra period should be reduced, specially as there is no extra trouble to the operator in continuing the connection which has already been given. It sometimes happens that there are only a few words left to be spoken and even for these the charge is levied for another unit of 3 minutes and not for one minute, as should be the case. My Committee hope that you will kindly consider this suggestion favourably.

It was formerly the procedure that connection for a Trunk Call was asked for and given for a particular individual. If the connection was given but that particular individual was not found to answer the call no charge was levied. It is not provided, however, that a call is effective even though the person calling does not get the actual person required at the distant number. My Committee think that this method of levying charges is not fair, as the Posts & Telegraph Department is charging fees for what has not been really

a complete call. My Committee beg to suggest, therefore, that no fees should be charged unless there is a complete call, meaning that the connection has been obtained with the particular individual required.

No. 17, of 27, dated New Delhi, the 14th Dec, 1927.

**From The Director General of Posts and
Telegraphs to Chamber**

With reference to your letter No. G, 2822 dated the 28th November 1927, I am directed to enquire if you can kindly supply this office with a copy of para in Brochure No. 56 of the International Chamber of Commerce, for the week ending 2nd July 1927, referring to the Trunk Call Rates.

No. G. 3093, 19th December 1927.

**From Chamber to the Director General of Posts & Telegraphs,
Delhi.**

With reference to your letter No. 17-N/27, dated the 14th December 1927, I am sending to you herewith a copy of the extract from page 7, Brochure No. 56, of the International Chamber of Commerce, as desired by you therein

'International Telephony'

Extract from page, 7. Brochure No. 56, for June 27-July 2, 1927, issued by the International Chamber of Commerce, Paris:—

Additional service features have been generally provided in connection with international services.

- (a) Conversations exceeding 3 minutes are now charged for per minute extra, instead of by unit of three minutes.
- (b) Fixed Time calls and subscription calls are now allowed in business hours.
- (c) 'Notice' (préavis) calls have been introduced, permitting calls for a particular person by name.

APPENDIX 104.

**East African Federation Commission and Joint
Deputation of the Government of India and the
Millowners of India,**

No. F, 139/27, 11th November 1927.

**From Indian Merchants' Chamber and Bureau
Mombasa, to Chamber.**

Mr. Ewbank has already been arrived and Kunvar Maharajsingh is to arrive by the next boat in Mombasa appointed by the Indian Government as advisers and helpers to the Indians in Kenya and other adjoining territories for placing our cause before the East African Federation Commission to be appointed by the Imperial Government to consider the question of federation of the adjoining territories of East Africa,

It is understood further that a deputation of two or more members jointly from the Government of India and the Millowners of India is to visit this country very shortly.

The Committee of my chamber would be glad to know if possible from you, the aim of the Government and the public opinion on both these deputations and the subjects they are to deal with.

The commercial community in general and the Indian commercial community in particular has very much interest in both the most important questions and therefore the views and advice of your chamber in details would be greatly appreciated and welcome by my chamber on both the questions,

No doubt, the present burning question of East Africa is well known to your Chamber and at the critical moment both these questions are the questions of life and death to the Indian community.

The appointment of an Indian Trade Commissioner in this Colony is a most important and urgent requirement which needs

immediate attention of the Indian Government and the latter deputation is to report on its advisability; whilst the first one is a question of the policy and treatment of the Imperial Government towards Indians in these territories, with regard to franchise and such other rights of Indians which the white commission would probably solve in the interests of the white community only neglecting the oldest and the tightest relations of Indians with this country.

I feel that your advice and views on both the important subjects would be of great importance to us,

Hope you will give this matter your close attention and let me have an early and if possible by the return of mail,

No. G. 2942, 29th November 1927.

**From Chamber to the Indian Merchants'
Chamber & Bureau MOMBASA.**

Your letter No. F-139-27, dated the 11th instant, was considered by the Committee of this Chamber at their last meeting.

My Committee are of opinion that the Indian community of the East Africa will do well in giving such information and guidance as they can possibly do, to the gentlemen deputed by the Government of India in connection with the East African Federation Commission. The position of the Indian community in general and the commercial community in particular has of late been immenely threatened in these territories and my Committee think that the Indian commercial community should fully explain their case to Mr. Ewhank and Kunwar Maharaj Singh,

As regards the joint deputation of the representatives of the Government of India and the Millowners, the same is charged to explore the possibility of developing new markets for the Indian cotton piece-goods. The question of the appointment of Indian Trade Commissioners there and other countries will, my Committee believe, be taken up after the joint deputation submits its report to the Government of India. I may add here that this Chamber has always insisted on the Government of India the necessity of appointing Indian Trade Commissioners to look after, and safeguard the interests of Indian commercial community in different parts of the world,

APPENDIX. 105.

**Inspectors of Factories, Steam Boilers and
Mechanical Engineers,**

No. G. 1656 10th August 1927.

**From Chamber to the Government of Bombay
General Department Bombay.**

The Committee of this Chamber will be much obliged if the Government will be pleased to supply them with the following information :—

- (1) The total number of posts of the Factory and Boiler Inspectors and Mechanical Engineers and their salaries at present ;
- (2) How many of these posts are held by Indians and on what salaries, and how many of these are held by non-Indians and on what salaries?

My Committee understand that in most of the mills and factories of this Presidency responsible posts of Engineers are held by Indians. They therefore request the Government that as capable Indians are now available for the posts of Boilers and Factories Inspectors and Mechanical Engineers, these services should be Indianised as far as possible.

- It is hoped that the Government will be pleased to consider this request favourably.

No. G. 2059/10814/D,

Bombay Castle 1st November 1927.

**From the Government of Bombay
General Department to Chamber.**

With reference to your letter No. G. 1656, dated the 10th August 1927, I am directed by the Governor in Council to refer you to the Bombay Civil List which supplies all the information on the points referred to in paragraph 1 of your letter. With regard to the

question of appointing Indians to the post of Inspectors of Boilers, and Factories, I am to say that the principle of Indianizing the Factory and Boilers Inspection Departments has long been observed by Government and it is borne out by the fact that out of the eight posts in the Factory Department, five are held by Indians and that an equal number out of the 11 posts in the Boiler Department are also held by Indians. Hitherto only one post of Mechanical Engineer to Government has been in existence and it has been decided to abolish that post and to appoint one Assistant Mechanical Engineer to Government under the Sanitary Engineer.

No, G- 2956 2nd December 1927,
From Chamber to the Government of Bombay
General Department, Bombay.

With reference to your letter No, 2059/10814/D dated 1st November 1927, my Committee will be much obliged if Government will be pleased to supply them with the following information :—

- (1) What was the number of Inspectors in the Factories and Boilers Department before 5 years ; and their names, nationality and salaries,
- (2) How many new posts of Inspectors in these Departments have been created during the last 5 years ?
- (3) How many of these were given to Indians, Anglo-Indians and Europeans and on what salaries ?

Hoping to receive an early reply.

APPENDIX 106.

**Match Industry—Supply of suitable wood to indigenous
 Match Manufacturing Concerns.**

(Vide pp. 540—543 of the Chamber's report for 1924 and pp. 508-09 of the report for 1925.)

No. 2720 D/24.

**From the Government of Bombay Revenue Department
 to Chamber.**

In reply to your letter No, T. 1441 dated 4th December 1924 on the subject noted above, I am directed by the Government of Bombay

(Transferred Departments) to state that the difficulty of obtaining soft wood from the forests of the Panch Mahals which has been experienced by the match factory referred to therein is due to the fact that all available match woods in this area are being exploited by the Gujarat Islam Match Manufacturing Company to whom the concession of removing wood has been granted for a period of ten years.

2. I am to point out that wood suitable for match making does not grow in compact areas in this Presidency. At present the supplies of suitable wood are small and sufficient to satisfy only a very small proportion of the requirements of the various factories now at work in this Presidency. Indeed it is doubtful whether the whole of the accessible and suitable trees would keep one good-sized factory supplied for any length of time. In future a list of match wood coupes suitable for exploitation will be prepared by the Forest Department and the right of extraction from such coupes will be sold by auction or tender. The Forest Department will render all possible help to the Indian Match Manufacturing industry in the supply of wood suitable for manufacture.

3. As regards the suggestion that something should be done to provide suitable match wood for factories in this Presidency, I am to state that steps are being taken to preserve and promote the existing growth of suitable match wood trees and also to raise regular plantations annually in suitable areas in the Panch Mahals, Thana and Kolaba District in order that the Forest Department may be able to supply a sufficient quantity of wood to keep the several factories working.

No. 49-19/24D.

Bombay Castle, 9th March 1927

From the Government of Bombay Revenue
Department to Chamber.

In reply to your letter No. 1217 dated 3rd June 1926 on the subject noted above, I am directed by the Government of Bombay (Transferred Departments) to state that an application has been received from Messrs. Abdoolahoy Lalljee and Company, Proprie-

tors of the Andheri Match Factory, in which they have asked for permission to cut and remove certain kinds of soft wood from the forests of Salsette Range in the West Thana Division for a period of two years on payment of a royalty of Rupee one per cart load. Under the arrangement now made by the Forest Department the right of extraction from match coupes is sold by auction or tender. In accordance with this arrangement tenders were invited for the right to extract match wood species from 7388 acres in the North Thana Division and 6009 acres in the West Thana Division. The Chief Conservator of Forests has intimated that the tender of Messrs. Abdoolabhoj Lalljee and Company for the match wood species in the Felling Series LXVI and LXV of West Thana at Rs. 2-4-0 and Rs. 2-8-0 for Cart load of material removed has been accepted at an all round rate of Rs. 2 6 0 and that the report for North Thana has not yet been received. I am to point out that wood suitable for match making is not available in the forests of Thana in quantities sufficient to meet the whole requirements of even one factory. Some forests in the Thana District specially selected as containing the highest percentage of match wood species were given out in 1923 to the Western India Match Manufacturing Company. The Company were given the concession of direct extraction as none of the coupe contractors' were willing to extract the wood for sale to them. They exploited the whole area of 21,490 acres in one season (although it was estimated that two years would be required) and obtained only about 70 tons of wood suitable for their requirements. No concession of direct extraction will be given to any single match manufacturing company in future without equal opportunities being offered to all match factories.

No. G. 1929, 2nd September, 1927.

From Chamber to the Hon'ble the Minister for Excise & Forests,
Government of Bombay, POONA.

I am directed to confirm the telegram addressed to you by my Committee as under:—

"Tender for softwood and mangowood Kolaba District invited giving only a week's time against the usual three weeks which

time is inadequate for ascertaining what wood and quantity available specially in monsoon weather. Further, tenders invited for three years against the usual one year which will create monopoly for the small quantity available near Bombay specially of mangowood for which no tender upto now invited. There are six match factories near Bombay and the only one at Ambernath belongs to foreign Swedish Syndicate has been given opportunity to exploit these forests and conditions drawn up seem suitable to them. My Committee urge three weeks time be given and tender be only invited for one year for softwood for the present otherwise Indian match factories will be adversely affected. Inchambu."

No. 4919-D/24- Bombay Castle, 13th September 1927.

**From the Government of Bombay Revenue Department
to Chamber.**

With reference to your letter No. G, 1929 dated 2nd September 1927, I am directed by the Government of Bombay (Transferred Departments) to state that the sale by tender of match-woods in the Kolaba Division was notified last hot weather and the intending tenderers were allowed one full month to enable them to examine the areas, etc. No tenders were, however, received in response to the notice published in certain newspapers. The right of extraction of soft woods and mango will therefore now be sold by auction which will be held on 30th September 1937 as already advertised. I am to add that the question of the period for which the contract will be made is under consideration.

APPENDIX 107.

Revision of the list of imported cotton Piece-goods

Calcutta No. 8747-C, I, C, dated 24th December 1927,

**From Director General of Commercial Intelligence and
Statistics to Chamber.**

I write to invite a reference to the Resolution of the Government of India in the Finance Department (Central Revenue) No. R-Dis. 1273, Cus. 25 dated the 21st January, 1926, (copy attached), and

to enquire whether you have any modifications to suggest in the list of cotton piece-goods appended to that Resolution.

If you have any additions to the list to propose, I should be obliged if samples and full particulars of the goods concerned could be forwarded with your reply.

It would be convenient if your proposals could reach me not later than the 15th November next.

R, Dis, 1273 Cus.-25,

**Government of India Finance Department.
(Central Revenue.)**

Delhi the 21st January, 1926.

Resolution.

With reference to the Resolution of the Government of India in the Department of Commerce Nos. 5474 dated the 19th October 1922 and in supersession of the Resolution of the Government of India in the Finance Department (Central Revenues) No. 257, dated the 21st January 1925 the Government of India have decided to prescribe the appended list of cotton piece-goods for purposes of assessment under item 103 of the Import Tariff Valuation Schedule.

Order.-Ordered that a copy of this Resolution, and its annexure be forwarded to all the Collectors of Customs, for information and communication to the commercial associations,

Ordered also that a copy be forwarded to the Director-General of Commercial Intelligence and Statistics for publication in the "*Indian Trade Journal*,"

Ordered also that a copy be forwarded to the Commerce Department,

(Sd.) V.S. SUNDARAM,

Under Secretary to the Government of India,

Proposed List of Cotton Piecegoods.

Aeroplane cloth (cotton), Alhambras, Angolas (cotton), Aporn cloth (cotton), Austrias and Argentinas (cotton), Batistes (cotton), Beavreteens (cotton), Billiard cloth (cotton) in rolls, Blankets (cotton), Book-binding cloth, Brilliants, Brocades (cotton), Broche, Buckram (cotton), Calicoes, Combrics, plain, dyed or printed, Cantoons, Canvas French elastic (cotton), Casement cloth (cotton), Cashmeres (cotton), Cellular cloth, Checks, spots and stripes, Chiffons (cotton) Chines dyed cloths, Chintz, glazed or unglazed, Choonais, Chadras, Chadar-puttas, Coatings (cotton) including gabardines, Corduray and corded cloth (cotton), Cotton flakes, Counterpanes, (cotton), Crash (cotton), Crepons (cotton), Cretonnes, Crimps (cotton), Damask (cotton), table, Damanies, Delaines (cotton), Delametti, Denims, Dhotis, Diagonals (cotton); Diapers (cotton) Dimity, Domestics, Doemetts (cotton), Dupettes, Dorias, plain or printed (cotton), Drills, plain, striped or checked, Duck, Dungari, Dustert (when joined by the warp) Embroidered allovers, Embroidered flunces, Fents (cotton), Filter cloth (cotton), Finduras, Flanelette (cotton), Frieze cloth (cotton), Galateas, Gambroons, Gauze (cotton), Chagras (cotton), Ginghams (cotton), Glass cloths (when joined by the warp), (cotton), Grenadines (cotton), Gumchas Hair-cords, Handkerchiefs (in woven pieces), Harvards, Holland blind cloth (cotton), Hollands (cotton), Italians (cotton), Jaconets, plain or bordered, Jeans, plain dyed or printed, Lace curtain cloth, Lace stripes, Lapets, Lastings, Lawns, Senos, Limbries, (cotton), Linette (cotton), Linings, plain, striped or mercerised, Longcloths, Lungis, Lustres, (cotton), Mapapollams, Madras clothe, Mareella, Matte shirting, Matting (cotton), Mattress cloth, Meltons (cotton), Mercerised cloth, Merinos (cotton), Merins, Mexicans, Moleskine (cotton), Mollerton, cloth Morias, Moreens (cotton), Mulls, all kinds, plain or bordered, Muslins (cotton), all kinds, Meinsocks, Net (cotton), Nun's veiling (cotton), Oatmeal cloth, Pagri cloth, Penelope canvas, Pillow calico, tubular, Piques, Plumettiffs (cotton) Plushette, Pompadour, Pongees (cotton), Popline and Poplinettes (cotton); Printed orepells, Prints, Printers (plain and coloured), Pustoes, Quiltings (cotton), Quilts, Radium cloth, Regattas, Rep cloth (cotton), Rugs (cotton), travelling, Sail cloth (cotton), Saris, Saronge, Sateens, Plain, dyed or printed, Satinette, Satin stripes (cotton), Searves (cotton), Serges (cotton),

Shawls (cotton), Sheetings, Shirtings, Silkette, plain or stripes, Spanish cloth (cotton), Sponge cloth (cotton), Suraline, Sussi cloth, Suitings (cotton), Swan-down calico, Taffetas (cotton), Tambours (unfinished), Tanjibs, Tapestes (cotton), Tarlatans, T cloths, Ticking mattress or blind (cotton), Tobraloo cloth, Towels (cotton), in woven pieces and towel cloth including Terry cloth, Trouserings (cotton), Tulle (cotton), Turbans (cotton), Turkey read cloth, Tansor cloth (cotton), and Tuss-erette, Tweedo (cotton), Twills (cotton), plain dyed or printed, Umbrella cloth (cotton), Undershirt cloth (cotton), Valenciias, Veleverts (cotton), Velveteen (cotton), Venetian cloth (cotton), Vestings or waist-coatings (cotton), Voiles (cotton), and Zephyrs.

No. G. 2380. 22nd October 1927.

**From Chamber to the Director General of Commercial
intelligence and Statistics, India Calcutta.**

With reference to your letter No. 8747-C.I. C., dated the 24th September 1927, I am directed to inform you that the Committee of this Chamber have no modifications to suggest in the list of cotton piecegoods appended to the Government of India Resolution referred to therein.

GENERAL

APPENDIX 108.

**Reorganisation of the Development Department Advisory
Committee.**

No. S. C. 71 Bombay Castle, 11th January 1927.

From the Government of Bombay, Development Department to Chamber.

I am directed to forward herewith a copy of the Press Note No. S. C.-30, dated the 5th January 1927, on the subject noted above, for the information of your Chamber.

PRESS NOTE.

Reorganisation of the Development Department.

The appointment of Sir Lawless Hepper, Kt., as Director of Development was first made by the Government of Bombay, with the approval of the Secretary of State for India, on 8th November 1920, on an agreement of five years which expired on 7th November 1925. Government then offered Sir Lawless Hepper an extension of his appointment for a further period of two years from 8th November 1925. This was accepted by Sir Lawless Hepper, subject to the stipulation that Government should, if possible, release him at the end of the first year. In accordance with these arrangements and at his request, Government have permitted Sir Lawless Hepper to relinquish the appointment of Director of Development on 30th November 1926 and to proceed on leave preparatory to retirement on 1st December 1926. This leave will expire on 6th January 1927, from which date the appointment of Director of Development will be abolished.

As a temporary arrangement, Government have appointed Mr. K. S. Framji, C. I. E., B. A., L.C.E., F. U. B., who retired from the appointment of Chief Engineer and Joint Secretary to Government, Public Works Department, from the 2nd December 1926, to be Joint Secretary to Government, Development Department, and Chief Engineer, Back Bay Reclamation Scheme, with effect from the same date. Mr. Framji will exercise the powers of a Chief Engineer as prescribed in the Public Works Department Code. The appointment of Chief Engineer, Reclamation Branch, will now be designated Chief Engineer (Executive), Back Bay Reclamation Scheme, and will be continued, till the termination of the agreement of the present holder, with the same powers as hitherto.

No. S. C....30,

DEVELOPMENT DEPARTMENT.

Bombay Castle, 5th January 1927,

No. G. 140 24th January 1927.

From Chamber to the Government of Bombay
Development Department B O M B A Y.

With reference to your letter No. S.C.71, dated the 11th January regarding the above, I am directed by my Committee to request you

to be good enough to let them know what will be the exact position of the present Advisory Committee to your Department in view of the proposed reorganisation.

Thanking you in anticipation.

No. S. D. 162 Bombay Castle, 26th January 1927.

**From The Government of Bombay, Development
Department, to Chamber.**

I am directed to acknowledge the receipt of your letter No. G. 140. dated the 24th January 1927, on the subject noted above, and to say that it is receiving attention.

No. G. 1184 13th June 1927.

**From Chamber to the Government of Bombay,
Development Department Bombay.**

With reference to this office letter No. G. 140 dated the 24th January 1927 and your letter No. S.T. 162 dated 26th January 1927, my Committee are sorry to note that inspite of four reminders sent to you, no reply has as yet been given to them.

My Committee will be much obliged if you will now kindly let them know what is the exact position of the present Advisory Committee to your Department,

No. S.D. 1027,

Bombay Castle, 20th June 1927,

**From the Government of Bombay Development
Department to Chamber.**

With reference to the correspondence ending with your letter No. G./1184, dated the 13th June 1927, on the subject of the position of the present Advisory Committee to the Development Department, I am directed to state that the question is under the consideration of Government, The Indian Merchant's Chamber will be informed of the decision of Government shortly.

No. G. 1406.

Bombay Castle, 10th August 1927,

**From the Government of Bombay Development
Department to Chamber.**

In continuation of Government letter No. S.D. 10 27, dated the 20th June 1927, regarding the Advisory Committee, I am directed to invite your attention to Press Note No. S.D. 1224, dated the 15th July 1927, regarding the re-constitution of the Advisory Committee for the purpose of completing the investigation of the sub-urban schemes. I am to add that in Press Note No. S.B. 1 301, dated the 27th July 1927, a separate standing committee has been constituted for the Back Bay Reclamation Scheme.

Advisory Committee.

Reconstitution of the existing Special
Advisory Committee for the purpose of
completing their report on the suburban
schemes.

GOVERNMENT OF BOMBAY.

DEVELOPMENT DEPARTMENT.

Resolution no. S.D.—1223,

Bombay Castle, 15th July 1927,

RESOLUTION OF GOVERNMENT.

The term of office of the two Advisory Committees, one for the City of Bombay and the other for the Bombay Suburban Division, in connection with the Bombay Development Scheme, expired on 31st March 1927, while the appointment of Director of Development, who was Chairman of both committees, was abolished in January 1927. The most important work of these committees had latterly been performed by them sitting as a joint special committee, 'with one additional member, "to enquire into the activities of the Development Department and to report to Government as to how far, and in what directions, such activities should be continued or eliminated." The special committee have already submitted their reports on the Bombay City

schemes including the Back Bay Reclamation Scheme and the Industrial Housing Scheme. The suburban schemes, on which they had not reported when the term of the two advisory committees expired, are now for the most part dormant. The Governor in Council considers it desirable, however, that a special committee with the same personnel should be re-constituted with the Secretary to Government in the Development Department as chairman to complete the enquiry which had been begun regarding the suburban schemes. The personnel of the Committee will, therefore, be as under:—

1. Mr. R. D. Bell, C.I.E., Secretary to Government, Development
I.C.S., Department, (Chairman).
2. Sir Vasantrao Dabholkar, Kt, C.B.E., M.L.C. } Representing the Bombay Municipal
3. Mr. Fazal Ibrahim Rahimtoola, M.L.A. } Corporation,
4. Mr. J. T. Burge, F.S.I. Acting Chief Officer, Improvements
(vice Mr. R. H. A. Committee of the Board of Trustees
Delves), for the Improvement of the City of
Bombay.
5. Major G. C. Richardson, Chamber of Commerce, Bombay.
6. Mr. Jehangir Bomanji Petit, Millowners' Association, Bombay.
7. Mr. Manu Subedar Indian Merchants' Chamber, Bombay.
8. Mr. L. U. Mongini ... Bombay Presidency Trades' Association,
Bombay.
9. Mr. W. H. Neilson, Bombay Port Trust,
O. B. E. ...
10. Mr. Sitaram Keshav Bole, M. L. C. } Nominated by Government to represent
11. Mr. Joseph Baptista, } working classes in Bombay City.
12. Mr. A. N. Sarve ... Appointed as per Government Resolution
no. S. D.—9, dated the 5th January 1925,

13. Mr, Ig, D'Monte ... Bandra Municipality,
14. Mr, D, D, Rodrigues Kurla Municipality,
15. Mr, O, J, Hansoti Ghatkopar-Kirol Municipality.
16. Mr, Janmejay Chha- Notified Area Committees,
bildas,

2. The thanks of Government should be conveyed to the members of the special advisory committee for their services in preparing the reports on the Bombay City schemes including the Back Bay Reclamation and Industrial Housing Schemes.

By order of the Governor in Council,

H. ST. C. SMITH,

Deputy Secretary to Government.

G. R, no. S, D. dated the 15th July 1927,

APPENDIX 109

Appointment of the Agent-General of the Government of India in South Africa.

16th March 1927,

From Chamber to Sir Purshotamadas Thakurdas,
Kt., C. I. E. M. B. E. M. L. A, New Delhi.

"Please forward the following message on behalf of the Committee of the Chamber to the Department of Education, Health and Lands, Government of India; Committee Indian Merchants' Chamber deeply anxious that an Indian commanding popular confidence should be appointed as Agent General of the Government of India in South Africa under the agreement recently arrived at between them and the South African Government to ensure its success. The staff of the Agent General also should consist of Indians. Committee hope Government of India will be pleased to accept this suggestion Inchambu."

ANNUAL REPORT OF THE
APPENDIX 110

**Congratulations to the Honourable Sir Manmohandas
Ramji Kt., on the honour of Knighthood conferred
on him by H.M. the King Emperor.**

No. G. 1185 13th June 1927.

**From Chamber to the Honourable Sir Manmohandas
Ramji, Kt., Bombay.**

I am asked to send to you hereby a resolution passed by the Committee of the Chamber at their last meeting congratulating you on the honour of Knighthood conferred on you by His Majesty the King Emperor.

“The Committee of the Indian Merchants’ Chamber tender their heartfelt congratulations to the Honourable Sir Manmohandas Ramji, Kt., on the honour of Knighthood conferred on him by His Majesty the King-Emperor: and put on record their appreciation of the fact that this honour has been conferred in recognition of the eminent public services the Honourable Sir Manmohandas Ramji has rendered to the commercial community in particular and the public in general.

The Chamber has particular reasons for being glad at the event as the Hon. Sir Manmohandas Ramji was the father of the Institution and its President for the first six years of its life as also once afterwards during which period he has been instrumental in helping the Chamber to a very large extent.”

APPENDIX III

Fees for testing metres by the Bombay Electric Supply and Tramways Co., Ltd.

No. G. 1598, 3rd August 1927.

From Chamber to the Bombay Electric and Tramways Co., Ltd. Bombay.

The attention of the Committee of this Chamber has been recently drawn to one of the Rules of your Company by which you ask the consumer to pay Rs. 6 as testing fee if the accuracy of the metre is doubted and it is required to be officially tested by the Company. My Committee think that this charge is not fair and will be obliged if you will be good enough to inform them whether such a rule is in accordance with the license given to your Company. My Committee are informed that the testing fee as levied at present is more than the fees charged by private electrical companies for such work. My Committee suggest that the testing fee should be reduced to Rs. 2 (two only) from Rs. 6 and hope that the Company will kindly enlighten them on the point mentioned above.

From Bombay Electric Supply and Tramways Company, Limited to Chamber.

No. 8758-27 11th August, 1927

We are in receipt of your letter No. G. 1598 of the 3rd instant, and in reply have to say that the Sixth Edition of our handbook "Conditions & Rates & General Information in connection with the Supply of Electrical Energy" has been approved by the Local Government, after consulting the Municipal Corporation, in terms of Clause 21 of the Indian Electricity Act 1910, as amended in 1922, which Act superseded the Indian Electricity Act of 1903, under which "The Bombay Electric License 1905" was granted to us.

Appendix O, Clause 6 (b) of this handbook reads as follows:—
"Meters.—In the case of disputed meters no charge will be made for testing should the meter prove to be more than 3% fast or slow; otherwise the charge for testing will be Rs. 6/-. The figure 3% was amended to 2% in April 1927,

You will thus see that our charge for testing meters which proves to be within 2% of accurate, is fully authorised. We are not aware what fees private Electrical Companies charge for such work. The Government of Bombay however charge a minimum of Rs. 10/- for tests of such meters.

We regret that we are unable to see our way at present to modify further the Miscellaneous Charges set out in Appendix C of our handbook above referred to. These charges have already been substantially modified this year.

Our policy however is to give the best service to our consumers. We shall therefore bear your letter in mind, when we are next in a position to consider further modifications to this Appendix.

APPENDIX 112

Volunteer Police Force Bill.

No. G 1447 Bombay Castle, 15th June 1927

From the Government of Bombay, Home
Department to Chamber.

I am directed by the Governor in Council to forward herewith a copy of the Bill to provide for the constitution of Volunteer Police forces together with the statement of objects and reasons and to request that you will be so good as to favour Government with the opinion of your Chamber on the provisions of the Bill, which may kindly be sent to this Department so as to reach not later than *25th June 1927*.

A BILL To

Make provision to enable volunteer police forces to be constituted temporarily and employed locally for the purpose of preserving the public peace and protecting persons and property, and to define the powers and duties of such police,

WHEREAS it is expedient to make provision to enable volunteer police forces to be constituted temporarily and employed locally for the purpose of preserving the public peace and protecting persons and property, and to define the powers and duties of such police; It is hereby enacted as follows:...

1. (1) This Act may be called the Volunteer Police Act
Short title, ex- 192 .
tent and com-
mencement.

(2) It extends to the whole of British India, including British Baluchistan and the Sonthal Parganas,

(3) The Local Government may, by notification in the local official Gazette, direct that this Act shall come into force in the province, or any part thereof specified in the notification, on such date as may be so specified.

2. (1) In this Act, unless there is anything repugnant in the Interpretation, subject or context,—

(a) "district" means any area which is a district for the purposes of the Code of Criminal Procedure, 1898;

(b) "prescribed" means prescribed by rules made under this Act; and

(c) "Superintendent of Police" means the chief officer of police in a district other than a Presidency-town or the Rangoon Town District.

(2) In the Presidency towns and the Rangoon Town District, the powers and duties under this Act of the District Magistrate and of the Superintendent of Police shall be exercised by the Commissioner of Police and references to those officers shall be construed as references to the Commissioner of Police.

3. (1) The District Magistrate of any district may, for the better preservation of the public peace and protection of the inhabitants of, and property in, the district, direct the constitution, for such period as he may fix, of a volunteer police force for the district or any part thereof and call for volunteers therefor in such manner as he thinks fit,

Constitution of district volunteer police force.

(2) The District Magistrate or, in any district other than a Presidency-town or the Rangoon Town District, a Magistrate authorized by him in this behalf, may appoint to the volunteer police force any person fit and willing to be appointed thereto and assign to him any rank in the volunteer police force not superior to that of an inspector :

Provided that, in a district other than a Presidency-town or the Rangoon Town District, no person shall be appointed to the volunteer police force or have any rank assigned to him therein save on the recommendation of, or with the concurrence of, the Superintendent of Police.

(3) Every police officer duly appointed to the volunteer police force shall receive on his appointment a certificate in the prescribed form signed by the District Magistrate, which shall entitle him to exercise all the powers and functions and have all the privileges of a volunteer police officer under this Act.

(4) The District Magistrate may, from time to time, extend the period fixed under sub-section (1) and, notwithstanding that the period so fixed or any period by which it has been extended had not expired, may at any time order that the volunteer police force be disbanded.

4. A member of the volunteer police force shall not be employed otherwise than in the district in which he has

Duties of volunteer police. been appointed and for the purpose of preserving the public peace and protecting the inhabitants of, and property in, that district or, where the force has been constituted for a part only of the district, that part, and no volunteer police officer shall be required to take any part in the investigation of any offence or the prosecution of any person for an offence or to perform any duty other than such as the Local Government may by rules made under this Act prescribe as a duty ancillary to the purposes aforesaid or to any of them.

5. Every volunteer police officer shall, for the purposes of the execution of his duties as such police officer, have Power of volunteer police. all the powers, privileges and protection of a regular police officer appointed under the Police Act, 1861, or any other law for the time being in

force in the district regulating the powers of the regular police force employee therein :

Provided that no volunteer police officer not expressly empowered in this behalf by the Superintendent of police shall exercise control over, or be entitled to issue orders, to, any regular police officer or have any of the powers of an officer in charge of a police-station,

6. Every volunteer police officer shall, in the execution of his duty, act under the direction and control of the Superintendent of Police of the district in which he is appointed, and shall be bound to carry out all lawful orders of any volunteer police officer superior to him in-rank, and of any regular police officer to whom he is, under the orders of the Superintendent of Police subordinate :

Provided that no volunteer police officer shall be subordinate to, or in any way subjected to the control of, any regular police officer inferior in rank to a sub-inspector, unless such regular police officer is in charge of a police-station,

7. The Superintendent of Police may, subject to the control of the District Magistrate, make regulations to provide for the organisation, training and equipment of the volunteer police force.

8. Any volunteer police officer may resign his office after giving Power to resign. to the Superintendent of Police such notice as may be prescribed,

9. The Superintendent of Police may, at his discretion, promote Power to promote, reduce, discharge or dismiss. to any rank not superior to that of an inspector, or reduce in rank, discharge or dismiss, any volunteer police officer, and any volunteer police officer so discharged or dismissed shall deliver up to the Superintendent of Police or such authority as the Superintendent of Police may appoint the certificate issued to him under section 3 and his equipment.

10. Every volunteer police officer who is guilty of any violation of duty or wilful breach or negligence of any rule, regulation or lawful order made by any competent authority, or who withdraws himself from the duties of his office without having given the prescribed notice of his intention to resign therefrom or otherwise without the permission of a competent authority or refuses to give up his certificate or equipment when discharged or dismissed, shall be punishable, on conviction by a Presidency Magistrate or Magistrate of the first class, with fine which may extend to one hundred rupees.

11. (1) Every volunteer police officer shall be entitled to an allowance on account of expenses necessarily incurred in the execution of his duty and, if without any default on his own part he contracts any illness or sustains any injury in the execution of his duty, he, or, if he dies from the effect of an illness or injury so contracted or sustained, his dependants, shall be entitled to compensation on such scale as may be prescribed.

(2) If any question arises as to the amount of the allowance to be granted to a volunteer police officer in respect of expenses incurred in the execution of his duty, it shall be referred to the District Magistrate, whose decision shall be final and shall not be questioned in any Court.

12. All powers and duties under this Act of the District or any other Magistrate or of the Superintendent of Control of Local Police shall be respectively exercised and performed subject to any general or special orders of the Local Government.

13. The Local Government may make rules consistent with this Act to provide for all or any of the following Power to make matters, namely :—
rules.

- (a) the form of certificate to be issued to members of a volunteer police force under section 3;
- (b) the duties which volunteer police officers may be required to perform under this Act;
- (c) the allowances and scales of compensation payable to volunteer police officers or their dependants under section 11; and
- (d) any other matter which is to be or may be prescribed or in respect of which the Local Government considers that provision should be made to give effect to this Act.

STATEMENT OF OBJECTS AND REASONS.

The Government of India have had under consideration the provision of means for employing men of good will, on suitable occasions and under suitable conditions, in the preservation of law and order. It has been represented to them that not enough has been done to enable citizens of this country to assist the cause of the public peace, to which, it is suggested, they are less indifferent than is commonly considered the case. Accordingly, with a view to encouraging the growth of a civic sense, Government have in the Bill devised means of enabling the public to co-operate if they so desire with the regular police force.

2. Occasions have arisen in the past when the police force in districts has been subjected to almost intolerable strain or even reduced to a state of exhaustion. The possibility of the recurrence of such occasions in the future cannot be disregarded, and Government, therefore, while attaching importance to the educational value of co-operation by private citizens in assisting in the maintenance of law and order, desire also to provide for a material accession of strength as occasion may require and the good will of citizens may facilitate.

3. The Bill, therefore, empowers District Magistrates in those provinces in which the Local Government may have brought it into force, and under the general and special control of that Government, to constitute temporary volunteer police forces for use within the

district. It also enables similar action to be taken in Presidency towns. It is necessary to proceed by way of legislation in order to invest volunteer police officers with statutory powers, duties and privileges.

4. The volunteer character of the force is secured by provisions for appointment of only such persons as are fit and willing to be appointed, and it will be maintained by the provision for voluntary resignation, subject to due notice. In order to throw the force open to all classes in the community, middle-aged and young, educated and uneducated, the Bill provides for the entertainment of police officers of various ranks and not merely constables. All appointments will be honorary, but provision is made for allowances for out-of-pocket expenses, and for compensation for illness or injury.

5. The purposes for which the force will be entertained are the preservation of the public peace, the protection of the inhabitants and the security of property in the part of the country where it is appointed. The duties of volunteer police officers will be only those which are strictly ancillary to these purposes and will not include investigation or prosecution. In the discharge of these duties the volunteer police will have the powers, privileges and protection of a regular police officer appointed under the Police Act, 1861.

6. The scheme to which the Bill gives shape contemplates that the volunteer force should not only include rank and file, but should also find its own officers. It is nevertheless of the essence of the scheme in its educational aspect, and of prime importance for administrative purposes that the force should be closely co-ordinated with the regular police and should be controlled by professional officers. It is proposed to effect these objects by placing the force under the direction and control of the Superintendent of Police and by subjecting every volunteer police officer to the lawful orders of any volunteer police officer superior to him in rank and of any regular police officer to whom he is, under the orders of the Superintendent of Police, subordinate. But the members of the force will not be subject to the control of any subordinate officer of the regular police lower in rank than an officer in charge of a police station.

Provisions regarding discipline are as simple as possible. Departmental punishments will be limited to reduction in rank, discharge or dismissal. Others discipline will be maintained by the imposition of a fine on conviction at a judicial trial.

ALEXANDER MUDDIMAN,

Dated 23rd March, 1927.

No. G. 1442, Bombay, 15th July 1927.

From Chamber to the Government of Bombay
Home Department, Bombay.

I am directed to send hereby the views of my Committee on the Bill to provide for the constitution of Volunteer Police Force sent along with your letter of the 15th June, 1927, No. 1528/2-D.

From the statement of objects and reasons accompanying the Bill, my Committee note with some satisfaction that the Government of India are now prepared to take cognizance of the feeling long prevalent amongst Indian Circles that very little has been done to enable natives of this country to assist in the cause of public peace. Any step, therefore, taken to meet this feeling of the Indian public will always appeal to them generally and to the Indian commercial community in particular. My Committee therefore welcome this step, very mild though it is which the Government of India propose to take in this direction; but they are constrained to observe that the response to the measure which they put forward is not likely to be a correct test of the enthusiasm of the Indian public in regard to such public service.

The Indian public, my Committee need hardly observe, have been very seriously disappointed, if not exasperated, at the indifference of Government to take action even on the findings of Committees appointed by them to report on such public service matters. The Report of the Auxiliary and Territorial Forces Committee have not even been made available to the public, though submitted to Government years back. The Report of the Indian Sandhurst Committee is unanimous in important respects, but the public have not yet been informed as to what action Government of India propose

to take on it. The feeling of the Indian public, therefore, in regard to the Government of India enabling them, to cooperate with the authorities in guarding their own hearths and homes hardly needs any further expression here. The bald and deplorable fact remains that the people of this country are still grudging the opportunity and the scope of fitting themselves to render unto themselves and the country voluntary military services. That being so, the creation of a Volunteer Police Force is but the gift of a crumb while the *bread* is being still denied

As regard the Bill under reference, my Committee do not know from what class of people the Government expect to draw for the Volunteer Police Force. Any volunteering work can be only expected from the middle or upper middle class as the lower middle and poorer classes have always to face such a struggle for existence, that my Committee hardly expect that Government can look forward to any volunteering work by young men of these classes. If this presumption of my Committee is correct, they would suggest that such policing duties as may be entrusted to the young men of the middle and upper-middle classes under the proposed scheme should also be such as will be in keeping with the class from which the majority of volunteers would be forthcoming. My Committee feel, of course, that every young man, volunteering for service in preservation of peace and order must be prepared to do the humblest work. At the same time they are also convinced that the authorities employing them should not confine their utility to minor duties and deny to them opportunity for service duties and deny to them opportunity for service in other and higher grades considering the higher average ability of the class from which they come. Unless this is done scrupulously and with the greatest earnestness, my Committee apprehend that the scheme under reference is bound to disappoint and fail and they think it only right that they should warn the Government beforehand against such a disappointment and failure.

My Committee beg to suggest that the District Magistrate alone should not select and enroll volunteers but he should be assisted in the districts by a Committee consisting of the President

of the District Local Board, Presidents of Municipalities within the district and two or three gentlemen selected by him from a panel of five selected by representatives of the district on the Provincial Council. My Committee think that in Presidency towns, the Police Commissioners should exercise all these powers which are to be exercised by District Magistrates in the Districts and should be assisted by an Advisory Committee consisting of the following :—

President of the Municipal Corporation ;

President of the Local Indian Chamber of Commerce,
Sheriff ;

and

two or three members selected from a panel of five
nominated by Members of the Council for the town.

For reasons already stated, my Committee cannot approve of the provision that the rank to be assigned to any member of the Volunteer Police Force should not be superior to that of an inspector. It is quite possible that men of light and leading and high position may choose to become members of this Force and my Committee think that for such suitable men a higher rank than that of an inspector should be provided.

My Committee expect that in order to maintain the permanent character of the Volunteer Police Force, provision will be made for their training.

APPENDIX 113.

Small types of the Bombay Telephone Directory.

No. G. 1530 27th July 1927.

**From Chamber to the Bombay Telephone Company,
Ltd, Bombay.**

The attention of the Committee of this Chamber is drawn to the new Telephone Directory issued by your Company. The new book is

printed in very small types and in double column which makes it very difficult to consult the same and has been the cause of much criticism. I am directed, therefore, by my Committee in this connection to request your Board to be pleased to revert to the old system of printing the Telephone Directory at the time of the next edition.

**From the Bombay Telephone Company Limited to
Chamber.**

Bombay, 4th August 1927.

Your letter of the 27th July was placed before my Board of Directors at their meeting on the 2nd instant and I am instructed to state that your suggestions will receive my Board's careful consideration.

APPENDIX 114.

Appointment of Assistant Accountant in the Calcutta Port Trust.

No. G. 2061 16th September 1927,

**From Chamber to the Government of India
Department of Commerce, SIMLA.**

I am directed by my Committee to inform you that their attention was recently drawn to the advertisement appearing in the issue of the "Times of India" of the 29th August 1927 inviting applications from fully qualified Chartered Accountants both Europeans and Indians for the post of an Assistant Accountant in the Calcutta Port Trust.

In view of the promise given by the Government of India in accepting the Honourable Sir Phiroze O. Sethna's Resolution in the Council of State in January 1922 recommending "to the Governor-General-in-Council that steps be taken to increase the number of Indians in the higher grades in the services of the Port Trust and to lay down a definite policy in regard to the same for future," and having regard to the remarks on this question in letter No. 1287 of

the Government of India, Department of Commerce, dated Delhi, the 6th March 1922 addressed to Local Governments, my Committee feel surprised that applications for the post of an Assistant Accountant should have been invited from Europeans also. It is recognised on all hands and even by the Government of India themselves that Indians have shown great efficiency in the realm of accounts and audit and that this is not a field where suitable qualified Indians are not available.

My Committee further do not understand the real object of inviting application from fully qualified Chartered Accountants only. They do not believe that the Calcutta Port Commissioners are not aware that the status of the members of the Society of Incorporated Accountants and Auditors has been recognised and declared to be on the same footing as that of the members of the Institute of the Chartered Accountants even in England by the highest authorities in that country, including Select Committees of both the Houses of Parliament. They further feel that the Calcutta Port Commissioners must have full knowledge of the fact that very few Indians could afford to spend a very large sum of money to go to England to qualify themselves as Chartered Accountants and consequently the number of such Accountants in India could be counted on one's fingers' ends. My Committee would like to point out that the present accountants and the Assistant Accountants in the Bombay Port Trust, the Bombay Municipality and the Improvement Trust are not Chartered Accountants. My Committee are, therefore, constrained to observe that in view of the above circumstances the attitude of the Calcutta Port Commissioners in restricting the applications to Chartered Accountants only is not only calculated to boycott the Indian talent available in this country for this work but is likely to arouse serious suspicion in the minds of the public with regard to their intentions to Indianise the higher grades in their services and thus carry out the already recognised policy of the Government of India.

In view of what is stated above, my Committee feel no doubt that the Government of India will readily recognise that the attitude of the Calcutta Port Commissioners in this connection is in direct

contravention to the accepted policy of the Government, and would therefore be pleased to take timely step to vindicate their accepted policy and prevent the Calcutta Port Commissioners from violating it in such a flagrant manner.

No. 812-S.(3). Simla, the 22nd September 1927.

From the Government of India Department of Commerce to Chamber.

With reference to your letter No. G. 2061, dated the 16th September 1927, I am directed to say that under section 34 of the Calcutta Port Act, 1890, the appointment to posts carrying a monthly salary of less than Rs. 1,000/- does not require the previous sanction of Government. I am to add, however, that the Government of India have requested the Government of Bengal to forward to the Port Commissioners, Calcutta, for their careful consideration, a similar representation received from the Indian Chamber of Commerce, Calcutta.

No. G. 2349 19th October 1927.

**From Chamber to the Government of India
Department of Commerce SIMLA.**

With reference to your letter of the 22nd September 1927, No. 812-S (3), I am directed by the Committee of this Chamber to point out that the question is concerned with a matter of principle and that therefore the fact that the post carries less than one thousand rupees salary should not incline the Government of India to refuse to consider it. My Committee pointed out in their previous letter that there was no meaning in inviting applications from fully qualified Chartered Accountants only as practically there was no difference between Chartered and Incorporated Accountants. The only reason why such an advertisement should have been given to the papers appears to be that Indians were meant to be rigidly excluded. My Committee are given to understand that a similar policy is about to be pursued by the Railway and other Government Departments. If so, the result will be to eliminate the Indian element from department

where it has shown its usefulness to very large extent. The Accounts Department of the Government of India which is having its recruits even for the highest officers from this country is considered perhaps to be one of the best organised and most efficient departments, and so far as my Committee believe there has been no cause given up to this time for them to change their policy of recruiting indigenous talent. If such a responsible and leading department of the Government of India has not found any occasion to advertise for Chartered Accountants, there is surely no cause why the Port Trusts or the Railway Audit and Accounts Department should go out in search of only Chartered Accountants,

My Committee hope that the Government of India will be pleased to consider this question and to issue instructions to all Government Departments and semi-government departments like the Port Trusts not to pursue a policy which instead of Indianising the services will lead to eliminate all Indians from several responsible appointments which they are now holding.

APPENDIX 115.

Flood disaster in Gujrat, Kathiawad and Sindh.

No. G. 1572 30th July 1927.

From Chamber to the Private Secretary to H. H. the Governor of Bombay, Poona.

I am directed to confirm the telegram sent to you by the President of this Chamber to-day as under ;—

“ Committee Indian Merchants' Chamber are appalled at the unprecedented disaster in Gujarat and urge upon Government immediately relieve Honourable Revenue Member and Commissioner, Northern Division, of their Council work and send them on the spot to direct and organise relief. They hope adequate and effective relief measures will be promptly organised and worked in a broad and liberal spirit to mitigate as far as possi-

ble human suffering. Public anxiously awaiting authentic information. Walchand Hirachand—President."

Telegram from the Private Secretary to the H. E. the Governor of Bombay, Poona, to Mr. Walchand Hirachand :—

" Your telegram of 30th. Commissioner for Northern Division leaving for Ahmedabad Monday morning. All steps possible being taken to relieve distress.

Private Secretary, Governor."

APPENDIX 1r6.

Loss of s.s. "Tukaram" and "Jayanti" and safety of Passengers in steamers plying on the Indian Coast.

No. 2938 29th November 1927.

From Chamber to (1) Indian Co-operative Navigation and Trading Co. Ltd, (2) Bombay Steam Navigation Co. Ltd., Bombay.

I am directed by the Committee of this Chamber to send hereby the resolution passed at their last meeting in connection with the disaster of s.s. "Tukaram " and "Jayanti" :—

Resolution :

" The Committee of the Indian Merchants' Chamber express their heartfelt condolences to the bereaving families of the persons drowned in sea due to unprecedented cyclonic calamity that overtook the s.s. "Tukaram" and "Jayanti " on 12th November 1927.

No. 1/697 1st December 1927.

From The Indian Co-operative Navigation and Trading Co. Ltd to Chamber.

We thank you for the copy of the resolution passed by the Committee of your Chamber on the disaster which s.s. "Sant Tookaram" met with in the recent cyclone resulting in the loss of innocent lives,

Your sympathetic resolution will be placed before our Board of Directors.

B.O. 11/1049 Bombay 30th November 1927.

From The Bombay Steam Navigation Co. Ltd.,
to Chamber.

We thank you for forwarding, with your letter No. G. 2938 of the 29th instant, copy of the kind Resolution of sympathy, passed by your Committee with the relatives of those who lost their lives on the s.s. "Jayanti" and s.s. "Tukaram," in the cyclone on 12th November 1927,

The Resolution will be communicated as far as is possible to the families of the persons in question, and will we feel sure, be greatly appreciated.

No. G 2936, 29th November, 1927.

From Chamber to the Government of India, Department
of Commerce, DELHI.

The Committee of this Chamber will be much obliged if the Government will be pleased to supply them with the following information :—

- (1) What are the legislative enactments regarding the safety of passengers in the steamers plying on the Indian Coast ?
- (2) Are the steamship companies, desirous of plying on the coast, obliged to furnish the Government with the detailed particulars about the seaworthiness of their steamers ? If so, what are they ?
- (3) Are there any definite rules laid down by the Central Government for the guidance of the different Port authorities of India as to the nature of help they should render to the steamers when they are overtaken by a natural calamity like cyclones, etc ?
- (4) Do the Government intend to investigate the question of securing safety of passengers by necessary legislative measures or otherwise ?

The Government no doubt must have realised the urgent necessity of moving in this matter in view of the recent cyclonic calamity that overtook the s. s. "Tukaram" and "Jayanti", just within a few miles from the Bombay Harbour.

My Committee earnestly hope that Government will be pleased to take up the same at an early date as it vitally affects the general public of this country.

No. 865-S. New Delhi, the 16th December 1927.

**From Government of India Department of
Commerce to Chamber.**

I am directed to refer to your letter No. G 2936 dated the 29th November 1927, on the above subject and to supply the following information in regard to the various points dealt with in your letter: *Points (1) and (2)*. Attention is invited to parts III, IV and V of the Indian Merchant Shipping Act, 1923, and in particular, to sections 125, 134, 153 to 155 and 229 to 232.

Point (3). No definite rules have been framed by the Central Government in this connection.

Point (4) The law already contains the provisions necessary for securing the safety of passengers. The Government of India have, however, at present under consideration the question of revising the existing rules regarding life saving appliances, wireless telegraphy, etc.

APPENDIX 117.

Concession coupon tickets to Commercial Travellers,

No. G. 787 20th April 1927.

**From Chamber to the E.I., B.N., N.W., M. & S.M.,
B.B. & C.I., and S.I. and N.G.S., Railways.**

You are no doubt aware of the recent introduction of the system of issuing 1st class mileage tickets to commercial travellers for journey of 300 miles on the G.I.P. and M. & S. M. Railways. The

system has been much appreciated by the Commercial public and it is being gradually extended for journeys over other lines in local and through booking. This system has been so well received on the G. I. P. Ry. and other Railways that their authorities have very recently approved of its introduction for second class passengers as well on identically the same terms as for first class passengers. Representatives of the Indian Mercantile firms usually travel second class and such facilities really supply a long-felt want to them. The fact that the G.I.P. Railway authorities have extended the facilities to second class passengers in such a short period shows the great possibilities of the system if introduced on other lines also. It is believed that the Railways will not lose anything in their revenues by such facilities, but on the contrary, the traffic will increase thus bringing in more revenues to their coffers.

In view of the facts above-mentioned, my Committee hope that you will be pleased to accord similar facilities, i.e., second class coupon tickets to commercial travellers on your Railway.

No. G1174 10th June 1927.

From Chamber to the Railway Board, SIMLA.

You are no doubt aware of the recent introduction of the issuing 1st and 2nd class mileage tickets to commercial travellers for journey of 3000 miles on the Great Indian Peninsula, Bengal Nagpur and East Indian Railways. The Madras and Southern Mahratha Railway has introduced only the system of issuing 1st class mileage tickets. My Committee in view of the fact that the extension of these facilities to the 2nd class commercial travellers has been much appreciated by them, requested the Madras and Southern Mahratha Railway to introduce also the system of 2nd Class coupon tickets on their lines so as to accord to the commercial public the much needed facility. Unfortunately the authorities of that Railway do not see their way to extend that facility to the 2nd class travelling commercial public.

I am now directed by my Committee to address you on this point. They desire that this system of issuing of 1st and 2nd class coupon

tickets to commercial travellers should be uniformly adopted by all the Indian Railway companies (State as well as private). It is believed that the Railways will not lose anything in their revenues by such facilities, but, on the contrary, the traffic will increase, thus bringing in more revenues to their coffers.

In view of the facts above mentioned, my Committee hope that you will be pleased to take necessary steps to get this system of issue of 1st and 2nd class mileage coupon tickets introduced over all the principal Railways of the country.

No. 17 T, Dated Simla, the 20th June 1927.

**From the Government of India Railway Department
to Chamber.**

With reference to your letter No. G, 1174, dated the 10 June 1927, asking for the introduction of the system of issue of 1st and 2nd class coupon tickets to representatives of mercantile firms on all the principal railways, I am directed to say that the attention of the principal railways was drawn to the desirability of introducing the system of coupon tickets. First class coupon tickets have since been introduced on all the State-worked Railways, and on some of the Company-worked Railways, while second class Coupon tickets also have been introduced on some Railways.

2. I am to add that the extension of the system to 2nd class travellers on all railways or any further developments connected therewith are matters within the competence of the Agents of Railways to decide, who will no doubt be guided by the results obtained from the concessions granted.

APPENDIX 117.

General Meetings of the Chamber.

Speech of Mr. Walchand Hirachand, President of the Indian Merchants' Chamber at the First Quarterly General Meeting of the Chamber held on Saturday, the 30th April 1927 :—

Gentlemen,

I have much pleasure in putting before you the Report of the work done by your Committee during the first quarter of the current official year.

The most important session of the Legislative Assembly is held in the first quarter of the year and similarly sessions of almost all the Provincial Councils are also held at the time. It may therefore, be truly said that all this legislative work obsesses the public mind to the practical exclusion of every other topic. This time there was a greater reason for the public attention being focussed on the events happening at Delhi in view of the keen controversy which was expected on the Currency Bill. You all know the unfortunate defeat of the popular party over this question, leading to the foisting of the 1s. 6d. ratio upon the country, despite the extreme opposition of the public and the practically unanimous opposition of the Indian commercial community. This result is disastrous from the point of view of our trade, industries and agriculture, all of which will be hit hard though they are not in a position to suffer and further reverse due to the times of depression through which they have been passing. I am not a pessimist and yet I cannot help saying that it will not be a matter of surprise if the Currency and Financial policy of the Government, as evidenced by their refusal to listen to the voice of public opinion, reduces still more the staying, bearing and purchasing powers of the ryots and brings on some terrible disaster in consequence.

The Government contention was that the 1s. 6d. rate was the *de facto* ratio for a long time prior to the recent legislation, forgetting the fact that ratio itself was kept up by a series of

manipulations. The condition even now is not changed, as has been seen by the fact of the recent deflations of Rs. 2 and 3.33 crores by the removal of £1½ millions and £2½ millions from the Sterling securities in the Currency Reserve since first April. This was preceded by a depletion, during the last financial year, of India's gold resources to the extent of some £ 23½ millions, and deflation of Currency in India amounting to rupees. 31½ crores. If the ratio of 1sb. 6d. has to be proposed up by measures like these, there is no doubt that it will not be able to function at all and the Government and their supporters will then see that the warnings given by this Chamber, as they were at the time of the publication of the Report of the Babington Smith Currency Committee, *quite apposite* and justified. These warnings repeated at the time of the last Currency legislation were over-looked and treated with indifference. The small period of time that has elapsed since the last inequitable Currency legislation was placed on the Statute book has already been shown that these warnings were justified in this case also, as they were in the case of the Report of the Babington Smith Currency Committee. Trade and industries instead of improving have gone from bad to worse and the present situation specially in Bombay is compared, by those who are in a position to speak on the subject with authority, with the Japanese earthquake from the point of view of an economic and financial crisis. It was said by the opponents of the 16d. ratio that its effects would be to reduce indirectly wages paid to agricultural and industrial labourers. Instead of that the recent legislation has led already to wages of the agricultural labourers having been cut down or to the imminent likelihood of being cut down in near future. The agriculturists are, as was predicted, hit terribly hard and they cannot afford to pay to their labourers what they were used to pay before. The same is the case with trade which is seeing a heavy reduction in imports and exports and the industries can never see the corner which, we are always promised will be turned in near future, and there is as a result a good deal of unemployment, which it is a pain to witness. I have to put a great restraint upon my words when I refer to these matters, for the country is indeed suffering heavily and the middle and poor classes will have to bear the brunt of all these catastrophic conditions.

The Government had arranged the discussion of the Currency Bill purposely after the presentation of the annual Budget as a sort of a diplomatic move. The Budget was prepared on the basis of 1sh. 6d. exchange and the Government were able to show some surplus on this basis. Your Committee strongly protested against the Budget being based on 1sh. 6d. and suggested suspension of the debt redemption scheme for a year or two and use of these funds to meet the deficit with which the country was threatened in case the 18d. ratio was not accepted. They also suggested retaining old taxes on tea, motor-cars and tyres and particularly protested the proposed removal of export duty on hides as destroying the newly created tanning industry. I am happy to note that through the efforts of your Committee and of your Representative on the Assembly, the tanning industry of the country has been saved from what would have been a severe blow if the export duty had been removed.

I must avail myself of this opportunity of referring to the eminent services rendered by Sir Purshotamdas Thakurdas, Kt., our Representative in the Assembly, particularly with regard to the Currency and ratio questions. Since the time of the appointment of the Royal Currency Commission he has never spared himself and has made these questions his own so much so that every moment of his waking day was taken up with this work. Indeed, during that whole period terminating with the day on which the Legislative Assembly failed to rise to the occasion, Sir Purshotamdas had been putting on the robes of an ascetic for this purpose. Your Committee have already put on record their appreciation in this connection and I hope I am merely voicing the feeling of you all when I say that not only this Chamber but the Indian business community is deeply obliged to him for all this work and appreciates all what he has done for the cause of trade, industries and agriculture in this country.

I shall be failing in my duty if I do not refer here to the eminent and herculean services rendered by Mr. B. F. Madon to the country in general and the commercial community in particular by the work he has done with regard to the Currency Exchange campaign. He was, if I may say so, the brain of the whole movement and to his indomitable and indefatigable exertions must be ascribed the awakening in the land which we have witnessed recently even with regard

to such difficult and complicated problems of Currency and Exchange. I know what I say here cannot do any justice to the services rendered by Mr. Madon to this cause. He is a life-long student of Currency and Exchange problems and his passion for study for study's sake reminds one of the sages of old who pursued learning in spite of heavy odds against them. Mr. Madon's wide and prolific knowledge has enabled him to give warnings which almost lead one to suspect that he might be possessed of clairvoyant powers, for his prophecies have come true on many an important occasion. Prophets and wise men, who were then called soothsayers, were installed in the temples of Delphi in Greece in days of yore. We have got no such temples now, but nonetheless we may instal Mr. Madon as our Prophet and wise man and soothsayer with regard to economic and financial problems. May he live long to do his self-less, devoted and unambitious service to this country, is the prayer of all of us.

Another important question which was before the Assembly at its last session and claimed a good deal of public attention was that of protection proposed to be given to the Iron and Steel Industry. Speaking at the last annual General Meeting of Chamber I protested against the deliberate preference shown by the Government to British Iron and Steel as against the Continental steel and that too without benefitting the Iron and Steel Industry of India for which principally the Tariff Board was asked to make its Report. I hoped that the legislature would not allow this wrong and misguided policy. Unfortunately, my hopes have not been realised, for even in the form in which the Bill has been accepted by the Assembly there is a decided preference given to British Iron and Steel. This has been borne out even by some of the leading financial and commercial papers of Great Britain, in which have observed that there is a preference to British steel in the new legislation. I only hope that the same thin end of the wedge is not introduced in the Report of the Special Tariff Board for Cotton textiles, a Report the publication of which is awaited with anxious interest. It is a matter for no small regret that the Government are sitting tight over this Report of the Tariff Board which was appointed to relieve the immediate stringency felt by the Cotton

Textile Industry and to help it to tide over the depression through which it has been passing since sometime past. It is a mockery of *help* that the Report which had been intended to help the industry should have been suppressed for so long and that the whole of the last Assembly session should have been allowed to pass away without any action being taken to help it. It is one of the premier industries of the country and specially an industry on which the prosperity of the Bombay Presidency depends, and yet the Government of India and, I may say, even the Government of Bombay, have remained to all appearances indifferent to the acuteness of the situation. I may go further and say that if the real situation had been appreciated, the 18d. ratio would never have been placed on the Statute book. Let us see if the Report is published now at least in good time for any action to be taken at the September Session of the Assembly.

I shall now come to deal with a question, which, though not of All-India significance, has perturbed Bombay very much. This is the proposal of the Bombay Telephone Company to convert its flat rate system into the Message Rate system. Your Committee have been, from the very time this proposal was mooted, devoting their best attention to this question and, I may say without exaggeration, that the different representations sent by them on the question have formed a valuable literature of their own sufficient to disprove the contention of the Bombay Telephone Company in favour of the Message Rate system. A Committee was appointed by the Government of Bombay with the concurrence of the Government of India with the object of considering the question of the scale of rates to be applied under the new system, the Government of India having accepted the principle of the message rate system. Your Committee still maintain that Government of India, in accepting the principle of the message rate system have not taken into consideration the different important factors and that their decision is wrong and based on insufficient data and misunderstanding. I was a Member on behalf of the Chamber on this Committee to which I have just referred. This Committee held three meetings and at the end of it the Chairman came to the conclusion that no unanimity was possible on this question and therefore the Honourable Mr. Rieu, Chairman of the Committee, finally decided to dissolve it and to report to the Government

of India accordingly. I do not know as to whether such a report has been yet forwarded to the Government of India, for I have not as yet received any intimation to that effect. I hope the effect of this is we remain where we were.

Questions relating to the Development Department are still occupying a good deal of the time of your Committee. You must have seen that we have again addressed the Government with regard to the Industrial Housing Scheme, reclamation of block No. 7 and the Report in general of the Mears' Committee. I am afraid that the Government, though they have burnt their fingers over this deplorable affair, have not yet become wiser. Their decision to push on with block No. 7, the still more deplorable proposal of the General Member for the reclamation of block No. 6 and their indifference to the Minority Report on the Housing Scheme and the Representations of your Committee on the same questions are evidence enough to the same effect. The Bombay Legislative Council gave a very clear expression of their views at least on the question of block No. 6 when they passed the motion of Sir Joseph Kay for a reduction of the grant of the Development Department by about Rs. 20 lakhs. The whole story of the embroglio of the Development Department is not still complete for its activities with regard to the Suburban Scheme still require to be enquired into. I cannot understand why the Committee appointed by Government to enquire into the Back Bay Reclamation and Housing Schemes has not been entrusted with the work of making a similar enquiry into this question. I hope it will not be considered a platitude if I say that the lesson which we have learnt from the disclosures in connection with the working of the Development Department is that the way in which the administration is carried on at present by a bureaucracy firmly entrenched behind the present Reforms Scheme can never in the interests of this country, and will never be in accordance with public opinion. The whole of the administrative machinery requires a complete overhauling. As to which form such an overhauling should take, I would leave it to the experts to determine, but as a businessman I find that the interests of Trade and Industries are not served by the present administration, whether Imperial or Provincial. To give one recent instance of this, the retirement of the Director of Industries, without

any Indian successor being appointed to him resulting in his charge being given over to the Collector of Bombay shows the indifference of the Government to this Department, an indifference to which your Committee have been drawing their attention time after time for the last four years, and it practically without any effect. Your Committee have again been considering this question but I may be allowed to point out that the practical abolition of the Department of Industries which is obviously contemplated in some quarters will not redound to the credit of the Government of Bombay when it is seen that non-industrial Provinces like the United Provinces, the Punjab, Behar and Madras are spending much more than what the Government of Bombay does on their respective departments of industries and are paying more attention to their activities. Most of these have a full-time Director of Industries and that too an Indian generally.

With these words, Gentlemen, I present to you the first quarterly report.

Speech of Mr. Walchand Hirachand, President of the Indian Merchants' Chamber, at the Second Quarterly Meeting of the Chamber held on Saturday, the 30th July 1927 :—

Gentlemen,

Before, I begin my speech I should like to refer to the awful calamity that has overtaken Gujerat in the form of floods. Within living memory atleast there has not been such floods before and though on account of the suspension of traffic and dislocation of telegraphic and telephonic communications full authentic information cannot be had, it is pretty certain that the havoc wrought is something terrible. Hundreds of villages appear to have been wiped off and when the grim details will begin to come in they will disclose loss in human life and property fearful to contemplate. We all have our sympathies with the people of Gujerat in their distress, I hope Government will put forward their best efforts without loss of time to know the extent of the distress and to take measures to relieve it. There is at the same time a duty on our Bombay public who have always extended a

helping hand to people in distress, I have much pleasure in placing before you the record of the work done by your Committee during the quarter ending 30th June 1927. In my speech I cannot refer to all the different items which were considered by your Committee and on which action was taken. I shall, therefore make a few observation on some of the principal topics considered by your Committee as also on a few subjects which, though they may not have formed part of the report are of sufficient public importance to merit a reference in the speech of the President,

Just as the question of outstanding importance during the first quarter was that relating to the fixing of the ratio of the Rupee, the 2nd question of outstanding importance in this quarter was that relating to the reserve Bank Bill. Both these questions affect intimately the currency and financial policy of the Government of India and hence affect vitally the future of trade and industries the Ratio question has been decided quite adversely to the interests of the country and I shall have something to say about its disastrous effects during the course of my speech.

Your Committee after, full and mature deliberation, which took nine meetings of the Sub-Committee and the Committee, of all the vital issues concerned, pronounced in favour of the Reserve Bank being a State institution, as there would be financial autonomy and self Government only if the real control passed into the hands of the real representatives of the people. They were opposed to the idea of handing over the 200 crores of assets of the Currency Department and the many crores of Government funds to a private joint-stock company. The proceedings of the joint Committee of both the Houses to consider the Reserve Bank Bill have not yet been officially made public and whatever information we have got with regard to them has mainly been derived from newspaper reports. I shall not, therefore, for the present, deal with the different discussions which are reported to have taken place on the provisions of the Bill, but shall rest satisfied with the hope that the principle of a State Bank will be accepted by the Assembly, who will not, as they did in the case of the ratio question, be misled into supporting any scheme for Shareholders' Bank,

Another topic of great importance to the country which was discussed during the last quarter was the Report of the Cotton Textile Tariff Board, issued in the first week of June. The Tariff Board was appointed by a resolution of the Government dated 10th June 1926 and so it was practically one year before their Report saw the light of the day. The responsibility in this case, however, for all this abnormal delay rests more on the Government than on the Tariff Board itself, for the latter submitted their Report by the end of January 1927 and it was the Government which took practically six months for considering the same and for publishing their conclusions in the form of that half-hearted perfunctory note which you all must have seen. The Report itself shows signs of a careful and painstaking study of the situation, but I am afraid that the Tariff Board did not muster up the necessary courage and did not have sufficient far-sighted vision to make their recommendations in a broad and liberal spirit. Unfortunately, two members of the Board and the President were not able to see to eye with regard to the main recommendations, modest as they are. The majority recommended a four percent general duty on imports of piece-goods and a subsidy for the manufacture of higher counts of yarn, the Chairman proposing only a four percent duty against the imports from Japan, which means in other words, laying down the principle of Imperial Preference. I am sorry to note that attempts are being made in some quarters to smuggle in the principle of Imperial preference by the adoption of the minority report on the plea that a discriminating duty against Japan alone would not be tantamount to Imperial preference. We were familiar with this sort of argument at the time Iron and Steel Protection Bill, and we know the unfortunate decision of the Assembly which was obviously misled by the argument then used. It may be hoped that subsequent experience of the events has convinced the Assembly of its mistake in passing the recommendations, which were but Imperial preference in disguise, and that no further mistake will be made with regard to the Cotton piecegoods tariff by discriminating only against Japan. It is surely preposterous to say that the Indian textile industry has to fear competition only from Japan which supplies at the most four percent of the total requirements of

this country and not Lancashire which supplies 28 percent of our total requirements. It is not only on political grounds that Imperial preference has been opposed but also on sound economic reasons. The Minority Report of the Fiscal Commission definitely said :—

“ It will be obvious that Indian sentiment is practically unanimous against Imperial preference in view of India's present political status in the Empire. The conclusion is, therefore, inevitable that this question can only become a matter of practical politics when the promised goal of responsible Government is reached.”

Your Committee have stated their views in a recent communication to the Government with regard to this Report and mentioned that Government have failed to show that breadth of vision and far-sighted statesmanship which are expected of every civilised Government in rejecting *in toto* the recommendations both of the majority and the minority of the Tariff Board. I cannot understand the mentality of the Government which after appointing a Special Tariff Board to enquire into the grievances of Industry, which is one of the foremost industries of the country and which has been obviously suffering from anaemia for sometime past, relegating both the majority and the minority reports to the pigeon holes of the Secretariat and asking the Textile Industry and the public to rest satisfied with the *status quo*. What clearly comes out from the Report of the Textile Tariff Board is that there is no question whatever with regard to the depression in the cotton textile industry and to the contention that that some steps should be taken to help the industry in this its critical period. A wise doctor does not leave off the case without any treatment, just because there is a difference of opinion among the consultants with regard to the sort of treatment to be given and yet this is just what the Government propose to do. They have set up the majority and the minority reports against each other and come to the very convenient and comfortable conclusion that no measures for relief are necessary. One measure, however, for relief recommended by the Tariff Board is taken up. This is with regard to the removal of the import duty on machinery and stores, a remedy which would certainly benefit Birmingham, but is not going to benefit the

Textile Industry to an appreciable extent, and, what is more, may injure many budding chemical and stores industries. I may be allowed to point out, with as much emphasis as I can, that the Government action or rather want of action, with regard to the Report of the Tariff Board has disappointed the whole country and has proved, if still further proofs were necessary, of the sort of treatment our industries are meeting or are likely to meet with at the hands of the authorities. A deputation from all the different Millowners waited upon his Excellency the Viceroy in Simla. In the absence of any definite communication with regard to the proceedings which took place in Simla, one cannot say whether the interview was satisfactory or not. But I am obliged to warn the Government that if their conclusions with regard to the Textile Industry are not reconsidered or adequate measures provided for the instant and speedy relief of the Industry, the time will come when any measures which may be thought of will be too late to help Industry, the ruin of which will be a serious blow to the industries of this country and will remain a serious sign-post to the public not to place any confidence in the so-called desire of the Government to help the industries.

Obviously the least that should be done as a relief to the Textile Industry must be based upon the lines of the majority report. Nothing less would satisfy the Textile Industry, and I may, on behalf of the commercial community, say that nothing less will satisfy them or the public. The Millowners, I hope, will carry the public with them in the efforts they are making to get the Government conclusions changed. It is no use ploughing a lonely furrow, when one can carry the public with him, as the Textile Industry's question is one affecting the general public one in which general public has been taking interest since years and years and one with regard to which there should be unanimity between all sections of the country. You will excuse my dilating at such a length on this question, but as it is on which affects to a very large extent our industrial future, I felt it my duty to do so.

Those gentlemen who gave their votes in the Legislative Assembly in favour of an 18d. ratio must have been sadly disillusioned at the turn which was taken by the events soon after the

passing of the Currency Bill, for while attempts were made to point out the disastrous effects which would follow from re-adjustment consequent upon a 16d. ratio, and also to prove that due adjustment had taken place to the 18d. ratio before placing the Bill on the statute book, the history of subsequent events shows quite the contrary. In the short space of 13½ months, since 1st April 1926 there has been a defalcation of 41.10 crores and the point where defalcation should cease, according to the evidence given by the Honourable the Finance Member himself, has already been left far behind. Your Committee have been persistently and patiently discharging their duty as a custodian of the interests of the commercial community by drawing attention of the Government to all these transactions of sinister import, including the sale by the Imperial Bank of large blocks of three and three and a half percent Government Paper on behalf of the Currency Department. Unfortunately the Government of India do not welcome any light on all these transactions nor any criticisms, refusing to reply to communications, on this score and they rest satisfied with the usual stereotyped reply that they do not want to add anything further to what they have said already, this itself being merely the usual acknowledgment. Your Committee pointed out also the omission from the weekly statements of the Currency Department of foot-notes which contained information of great value to all interested in the position of exchange and money market. To this also there was no further reply than that these statements were published according to the provisions of law. No reasons, however, are forthcoming as to why when these statements were found satisfactory for a period of more than four decades, it should only have been found necessary to delete these foot-notes now from them. Resort to such unusual methods has only shown the hollowness of the claim that the economic conditions of India have adjusted themselves to the 18d. ratio. Nor is there any improvement in the situation as far as trade and industries are concerned. Surely, it is a mockery that while the fixing of the new ratio inflicted on the Textile Industry a disadvantage of about 12½ per cent, there is now even a refusal to concede the modest four per cent increase in the import duty. What should we say, however if some of our own people who, in the face of this heavy

handicap placed on the industry through the exchange policy of the Government, fight shy even now of backing up the majority report of the Tariff Board? Fortunately, such people are few and all at least are unanimous in wanting at least the recommendations of the majority to be followed up in action. The secrecy and atmosphere of suspicion and distrust which have characterised the actions of the Finance Department of the Government of India are reprehensible and unworthy of any Government.

It was said that the new loan to be raised in this country was going to be a huge success and in some quarters there was a tendency to consider the terms offered as a master stroke of the Finance Member. Sir Basil Blackett must, however, have been rather disappointed at the reception of the new Loan by the public as the response given by the general public can, at the most, be considered very feeble. He twitted Bombay on its so-called speculation in Government securities, which, according to him, was the cause of the higher values for the same and not the depression in industrial scrips, and on this ground defended the sale of the 3 and 3½ per cent.

Government Paper by the Currency Department, although the real object was to prop up exchange. As may be imagined, this action has scared the bankers as well as the investors who do not care to face the possibility of further sales by the Currency Department for Exchange manipulation purposes and the consequent loss of several percent on their purchases. Hence they stand aloof and the poor response to the new Loan is, therefore, a direct consequence of the mischievous exchange policy that the finance Member has so far followed. His friends try to boost up the new Loan and to make it out to be a great success, but it will deceive no one who is closely in touch with the financial market here.

The Hon'ble the Finance Member made the following remarks in his Budget speech at the last Assembly session :—

“ We have successfully avoided the issue of any sterling loan since May 1923 and the Budget includes no provision for any external loan in 1927-28. On the contrary, it includes provision for repaying £ 2.7 million in London,
* * * * *

* Q If, therefore, as we hope, we avoid

sterling borrowing in 1927-28, we shall have covered about £ 48 million of capital disbursement outside India without borrowing abroad."

Sir Basil Blackett prides himself on being an optimist. There are two kinds of optimism, viz. (1) a reasonable optimism based on actual consideration of facts and figures; and (2) an optimism of Mr. Micawber based upon fancy and imagination. Sir Basil Blackett's optimism seems to belong to the latter variety. All his hopes and estimates with regard to the non-borrowing in the London market have been upset by the effects of his exchange policy. The remittances which have to be sent to the Secretary of State for India could not be met even by the weekly purchases of sterling, the offers for which began to be invited since sometime back. The tenders received generally manifested a sagging tendency and have to be frequently refused. Nor did export bills come to the help of the Finance Member due to the heavy decline in the export trade, which may directly be attributed to our prices at 15s. 6d. proving too high in world markets. It was a combination of all these factors which have compelled the Finance Department to raise about £ 5 million in London through Treasury Bills, which is the clearest evidence, if any were needed even now, of the utter failure of the 15s. 6d. rate, put on the statute book in face of general opposition.

Gentlemen, you all must have been glad to read in the Press that the Government of India have, for the time being, kept the proposals of the Bombay Telephone Company for the introduction of the message rate system in abeyance. I need not trouble you with the history of the question, as I have referred to it in my speech at the First Quarterly General Meeting of the Chamber and references to it have also appeared in the Press. I may be allowed here to point out, however that your Committee may well congratulate themselves on this prevention of a new burden being thrown upon the business community in the shape of increased charges which would have been the result of the message rate system. From very beginning, they have fought against the proposed system and supported their contention facts and figures. I must express our sense of thankfulness, in this

connection to Mr. B. F. Madon who gave the advantage of his deep financial and statistical knowledge to the Committee in the various representations submitted to the Government and the letters addressed to the Telephone Company. I must also express our thanks to the sixteen Commercial Associations who combined together to fight against this menace and strongly supported the point of view put forward by your Committee. I hope that the proposals of the Telephone Company will not be brought forward again out of the pigeon-holes in which, at least for the present, the Government of India have given them rest.

And let me now invite your attention to an event of historic importance in connection with one of the key industries of our nation. I refer to the launching of the first Indian Steamer "Jalabala" of the Scindia Steam Navigation Company by the Honourable Mr. Patel at Glasgow. The very dignified and courageous words which the speaker of the Legislative Assembly uttered on that occasion with a true patriotic feeling will, let us hope, not fall on deaf ears of Governments both at Home and abroad. He put the case of the Navy in a nutshell, when he observed that no country in the world had built up its Navy without building up its own Mercantile Marine. Gentlemen, you are all aware that the Gods of the Downing Street have in season and out of season called upon Indian to co-operate. I thought that they would have set a better example of co-operation themselves and not rejected the proposal of the Scindia Company to give them help under the Trade Facilities Act, when substantial help was given by them even to foreigners. The Hon'ble Mr. Patel truly expressed the feelings of all Indians when he remarked that such an event was a very painful thought for those who wished to see a better understanding established between England and India. He spoke feelingly on the question of the share of Indian shipping in the Coasting and International trade and appealed to the Government to look at these questions from a broad point of view. He wanted true economic freedom for all the parts of the Empire and very rightly remarked that the sources of nourishing the economic life of India should not be allowed to run dry. Whether it is Shipping or Banking or Insurance, not only do the Government of the country, it is sad to think, not

take any active steps to enrich the economic life of the nation, but often act in a manner which only enables the vested interests to tighten their grip of economic domination and exploitation of this country.

Before I conclude my address, I have to refer to one unpleasant topic, i. e., the reported formation of a League claiming to represent British and Indian trading interests, land-owners, and large and small property-owners. We have not yet received full details with regard to this organisation and have to depend for our information on the summary given by Reuter. Even this summary, however, is sufficient to show that it is a league of sinister import. Affecting to speak in the name of all trading interests, as a matter of fact it appears to be engineered by British commercial interests alone with a view to prevent any advance being made in the constitutional political progress of this country. In fact Sir Stephen Demetriadi presiding at a specially convened meeting of the East India Section of the London Chamber of Commerce, said that, "Britishers had so much capital invested in India that they had a right to do all in their power to ensure that in the experimental and transitional period of self-government unwise measures would not be taken, which might do irreparable damage not only to India but to Great Britain." British commercial interests have always proved one of the re-actionary forces in this country and they have determined apparently to make still further efforts to prevent India advancing on the lines of constitutional political reforms which would mean stopping their exploitation. Our Indian businessmen, I am sure, have by this time realised that our economic interests are intimately bound up with political reforms, and that as long as India is kept up under the present system of political administration, there is not going to be any economic future for her worth the name. The only answer to such a League would be to start Indian Chambers of Commerce in every town and city of commercial and industrial importance and to strengthen the Federation of Indian Chambers of Commerce by all these Chambers and Commercial Associations joining it as members.

Your Committee have taken interest in the question of excessive orders for locomotive and wagons for State-owned Railways. Several

questions were asked during the last session of the Assembly and particulars which were promised at that time have not yet been given. During the interview with Sir George Rainy in April 1927 and Mr. Parsons, the Financial Commissioner during June 1927 we asked for certain particulars of how, when and where orders were placed but it is regrettable that these have not yet come and our letter dated 14th April 1927 remains unreplied. Why Government find it difficult to give these figures, we do not know, but I must say that the feeling that everything in the matter of locomotives and wagon purchases of Government is not alright is strengthened. I trust Government will give the explanations requested promptly to enable confidence in Railway administration to be re-established.

I take this opportunity of congratulating the Hon'ble Sir Munmohandas Ramji on the honour of Knighthood conferred on him by his Majesty the King Emperor. Your Committee passed a Resolution of congratulations to him when the honour was announced. Sir Munmohandas was the founder of this Chamber and nursed it during its infancy when he was President of the Chamber for the first six years. He was President once again in 1924 and throughout all these twenty years of the Chamber's life has been intimately connected with it. I wish him a long life to enjoy this and further honours in the service of his country.

With these words, Gentlemen, I present this report before you.

Speech of Mr. Walchand Hirachand, President of the Indian Merchants' Chamber, at the Third Quarterly General Meeting of the Chamber held on Saturday, the 22nd October 1927:—

Gentlemen,

I present to-day before you the Report of the working of your Committee for the Third Quarter of our current official year. The outstanding topic of discussion during the quarter which has just ended was that relating to the Reserve Bank Bill. After the sad experience of the Indian Commercial community with regard to the ratio question they were not in a mood of optimism regarding the outcome of all the discussions which were going on with regard to the Reserve Bank. When the Bill emerged from the Select Committee

meetings at Calcutta it was found that there was a rather large departure made therein from the recommendations originally made by your Committee. One important principle was however, conceded and this was that the Bank was going to be a State Bank and that the bar against members of the Legislature being on the Board of Directors was intended to be removed. The original shareholders scheme was not adopted and so far as could be seen then it appeared as if the Government were going loyally to carry out the wishes of the Select Committee and the Indian business community. Unfortunately, in its passage through the Assembly the Bill had a chequered career and there were so many violent fluctuations and vacillations in its progress that people outside, if not even inside, the Legislature were mystified as to the course the Bill was taking and as the ultimate outcome of all the discussion. At the last moment a skeleton of a scheme known as the Stock-holders scheme was proposed and at the time it appeared as if a mere change in the name it enjoyed had fascinated certain people in its favour. As a matter of fact there was not much difference between a Shareholders scheme and a Stock-holders scheme. Most of the dangers and pitfalls with which the former scheme was infested or believed to be infested were to be found in the latter. I cannot do better than just quote here my own opinion which I have given in another place :—

“The Stock-holders scheme is the opposite of the State Bank scheme. The main argument in support of the State Bank is that eliminating the shareholders it ensures that the control shall vest in the representatives of recognised institutions identical with the country's interests. A Reserve Bank will have the entire charge of the country's resources in the shape of Government deposits, Currency Reserves and the deposits of other Banks. If the Directors were elected by the shareholders they would be representatives of very restricted interests. It was considered a risky procedure to hand over the huge resources of a Reserve Bank to a body of people whose interests in terms of material value were confined to the earnings of guaranteed dividends.”

Our great expert, Mr. B. F. Madon, gives it has his opinion that "the Reserve Bank is meant as a cloak for the nefarious manipulation of currency and exchange and that no one will be allowed to ask any questions even in the Assembly and all information will be refused on the ground that no Reserve Bank gives it. o * o

o o What the Government want is a dummy electorate and their chosen dummy directors. When we refused to have shareholders they try to fool us by creating stock-holders, which means debenture holders. It would be an equally dummy body and will not do much good in getting really independent men on the Board of the Bank." Unfortunately, there is a class of critics who believe that the use of particular words will serve as an argument. Thus, they call opponents or critics of the Reserve Bank Bill as "wreckers" and the use of this appellation is made to serve the purpose of a real argument. I wonder who were the real "wreckers" in the last Assembly. Certainly it was not any members of any of the different parties in the Assembly, for all of them were unanimous in supporting the idea of a Reserve Bank. If even genuine criticism is not to be tolerated and people who offer suggestions in order that the new proposal of a Reserve Bank may not prove a failure ought to be dubbed as "wreckers", it must be deemed that our public life has come to be demoralised and it should also mean that the Government will be left without any honest, bonafide and genuine attempts at constructive criticism. No Government in the world can go on without such a helpful criticism and if the Government of India want to remain isolated on their celestial height from public views and sentiments they are welcome to do so, but a warning may be given to them that in doing so they are sapping the foundations of the Empire.

The real "wreckers" were, to my mind, with regard to this Reserve Bank Bill, the Secretary of State for India and the Government of India. It is said that the Government of India, including the Finance Member, were anxious to push the scheme through but that the Secretary of State intervened and asked them to desist from proceeding further. If the Government of India had really appreciated their duty as trustees for the interests of India they would not have submitted to

this treatment and so, I say, that I cannot place the responsibility only upon the shoulders of the Secretary of State for India but consider both the Imperial Government and the Government of India as jointly and severally responsible. There was a vague talk about there being a special session of the Assembly in the coming month, but it appears that even this idea is abandoned and we shall have to wait upto the month of February 1928 for seeing how the scheme of the Reserve Bank Bill develops. I hope that the Government will not be carried away by false notions of prestige but will incorporate in the Bill the two main principles which are being demanded by the public, viz : that the Reserve Bank should be a State Bank and that there should be no bar against legislators being members of the Governing Body.

The establishment of the Maharashtra Chamber of Commerce last month at the Maharashtra Vyapari Parishad is a good sign of the times. We have been pressing and agitating for the establishment of Chambers of Commerce at all the principal towns of commercial and industrial importance. The progress has been, unfortunately slow. It must be realised that the business community cannot afford to let things drift in the matter of economic development of the country as they have been doing. That there should be only 3 or 4 Indian businessmen in the Assembly shows how businessmen need to be roused up to the necessities of the situation. Big questions of trade policy both as affecting internal and foreign trade are being considered in the Legislature as well as outside and if businessmen have to safeguard their trade and industries and develop them they cannot afford to remain indifferent to the necessity of organisation and combination. There must be a Chamber of Commerce in every city and there must also be combinations of these Chambers for every Province and ultimately the Federation of all these Indian Chambers of Commerce. I welcome, therefore, the establishment of the Maharashtra Chamber of Commerce, which is proposed to be affiliated to this Chamber, which will look to the peculiar needs of Maharashtra and speed up the development of trade and industries in this southern half of the Bombay Presidency. There is a great necessity for having a Gujarat Chamber of Commerce for the

whole of Gujarat. Towns of commercial importance like Ahmedabad, Surat, Sholapur, Hubli, Baroda, should have Chambers of Commerce on organised and systematic lines. We cannot, in near future, muster 15,000 Chambers of Commerce for our Federation as the United States of America have done, but surely we should have in the whole of India not less than 200 Indian Chambers of Commerce.

Another event which has happened without drawing adequate public attention is the formation of a Governing Body to look after the Training Ship which has been stationed at Bombay and which will train up Indian boys for a sea-faring career. This school will begin to function from 1st December. It is an event of great national importance as it inaugurates, if I may so put it, the Indian National Mercantile Marine as also the Indian Navy. This Training Ship will prove the feeder of both our Mercantile Marine and Navy, just as schools in England at Conway and Worcester have proved a feeder for the British mercantile marine and for the British Navy. It is but a truism to say that no country can subsist in modern times without an adequate shipping of her own. It is not too late even now to repair all the mistakes committed by the Government in the past of destroying our shipping and ship-building. If the Government, however, is in earnest and considers this Training Ship as a symbol of the change in its policy, I would feel confident that in the next decade India will move fast towards being a self-contained country in the matter of shipping. It must be remembered that the story cannot end here, for this Training Ship is not an end in itself but is a means to an end which is the establishment of an Indian Mercantile Marine and an Indian Navy. This requires that boys who are trained in this Ship should be given a guarantee of employment on the ships which ply on the coasts or even on foreign ocean going ships, provided they hoist the British flag and do business with the principal Ports of this country. If India gives to all these coasting ships adequate protection and safety and reasonable facilities for trading and navigation, India should naturally expect that the children of the soil are adequately provided in the shipping lines, as it would be meaningless to turn out diplo-

maed students from the Training Ship and ask them to wander on the streets in search of employment. It is because of this that the Indian Mercantile Marine Committee had strongly recommended legislation to compel those steamship companies who ply their ships on our coasts to admit Indian boys as apprentices and latter on as Officers. His Excellency the Viceroy, speaking at Cawnpore on this very question, expressed a desire and a hope that British steamship Companies would have no hesitation with regard to such an admission. Unfortunately, the vested interests are so powerful and so anti-Indian that there seem to be no prospects of His Excellency's hope being responded to adequately by the parties for whose benefit that speech was made. On the contrary, at a meeting, recently held of the East India Section of the London Chamber of Commerce, a feeling was plainly visible against Indians being admitted as apprentices or as Officers on training ships. I calculate that if all the ships playing on our coasts make it a provision to have Indians as Officers, even 50 percent of them, the number required will be about 1,000. Such a definite career, if it is opened for Indian Mercantile Marine apprentices; will go a great way in making the Training Ship popular and in inducing Indian boys, even of non-sea-going communities, to take to the sea-faring life. Nothing will be done, however without the intervention of legislation and if the Government are in earnest and honest in their efforts for the development of an Indian Mercantile Marine they must introduce legislation reserving the Coasting Trade for Indian ships enjoining them by statute to take a certain proportion of Indians as apprentices and officers on board their ships.

You must all be knowing that the Government of India have appointed the Indian Cinematograph Enquiry Committee recently to ;—

- (1) examine the organisation and the principles and methods of the censorship of cinematograph films in India ;
- (2) survey the organisation for the exhibition of cinematograph films and the film producing industry in India ;
- (3) consider whether it is desirable that steps should be taken to encourage the exhibition of films produced

within the British Empire generally and the production of Indian films in particular; and to make recommendations.

Your Committee have felt specially with regard to clause (3) of its terms of reference that it is intended to get in Imperial Preference by a side-door. This Chamber has been from the very beginning, opposed to Imperial Preference and has always taken care to see that it does not come in through a side-door. Unfortunately, since the last two years a tendency has set in of favouring Imperial Preference and getting that policy accepted not in a direct and straight forward manner but through devious channels. The instance of the recent legislation effected with regard to the Iron and Steel Industry is very pertinent on this point. I realise that Dewan Bahadur Rangachari, President of the Cinematograph Enquiry Committee, tries to refute this contention and observed that "the sole object of the Government in calling this Committee into existence is the the unbiassed examination of the persistent allegation of laxity of the censorship of films and consequent evil effects of certain films upon the public." If that was the sole object, there was no necessity for making the question of preference to the British Empire films one of the main terms of reference. The Dewan Bahadur himself admits that the object is also, he uses the word, incidently, the consideration of the resolution of Imperial Conference in regard to exhibition within the Empire of films produced within the Empire passed on the report of the Economic Sub-Committee. If this is not Imperial Preference, I do not know what it is and so despite the so-called explanation of the President of that Committee the protest of your Committee stands.

I had just time to refer to the heavy disaster which overtook Gujarat in the shape of unprecedented floods, in my speech at the last Quarterly Meeting. At that time the exact extent of the disaster was not gauged nor was it clear on what lines relief work would be started and organised. Since then Bombay, with its usual generosity on such occasions has started the Bombay Central Flood Relief Fund and contributed to it about Rs. 15 lakhs. From several parts of India the Fund has received handsome contributions, but it

is mainly the Bombay Presidency which has raised up the Fund to the very handsome figure at which it stands now. Your Committee passed a resolution placing the offices and the services of the Secretary and the Staff of the Chamber at the disposal of the Executive Committee of the Fund. All the work of the Committee of this Fund is being done in these offices and you will appreciate the contribution thus made by your Committee to the cause of the suffering humanity. In this connection, you will excuse me if I repeat what I said at the conclusion of my address at the Maharashtra Vyapari Parishad:—

“ While, however, the tragedy has shocked us all, it has in
“ way been fruitful of one good result which is that it has shown the deep and earnest feeling of charity, public work and self sacrifice from all parts of the Presidency. Wherever we have gone and whatever reports we have received we have found and have heard that there is one characteristic of the public response on this occasion and that is the abundance of its generosity. There may have been over-lapping of the funds, there may have been to a slight extent dissipation of efforts, but never has there been shown any stinginess or miserliness with regard to giving relief. I may also say that both men and women have shown a remarkable desire to go as volunteers to the flooded areas and to take part in the relief operations at a great personal inconvenience and trouble. I cannot help mentioning that the spirit of this splendid sympathy and service shown all round is a result to no small extent of the teachings of Mahatma Gandhi which have found their soil in this Presidency.”





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